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UNIFORM SYSTEM OF ACCOUNTS

HARVARD UNIVERSITY
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GAS AND ELECTRIC COMPANIES

PRESCRIBED BY THE

DEPARTMENT OF PUBLIC UTILITIES

OF

MASSACHUSETTS

REVISED EDITION

May 1, 1922

BOSTON
WRIGHT & POTTER PRINTING CO., STATE PRINTERS
32 DERNE STREET
1922

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The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

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The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES.

RECLASSIFICATION OF ACCOUNTS OF GAS AND ELECTRIC COMPANIES.

The necessity for complete and accurate information of the financial affairs and operations of gas companies was recognized by the legislative requirement for annual returns when the Board of Gas Commissioners was established in 1885. It was at once found, however, that lack of uniformity in bookkeeping reduced materially the value of the returns, and in 1886 the Board was given authority to prescribe the form in which gas companies should keep their books and accounts. This authority was extended to electric light companies in 1887. The books, accounts and annual returns adopted at that time have not been materially modified meantime. The gas and electric industries, however, have greatly expanded in the field of their activities, the amount of their business, and the engineering practices relating to the production and distribution of gas and electricity. In like degree the officers and managers have claimed that the books and accounts and accounting practices originally prescribed no longer give them the information needed for the intelligent and efficient operation of their properties. The books and accounts of the companies have, in consequence, been modified and expanded, and are no longer uniform, nor do they correspond to the items of income and expense and balance sheet still required in the annual return.

It is the purpose of this reclassification to recognize the changes which have taken place in the character of the business and in accounting practices, and to prescribe books and accounts which con form to established business needs and usages and ensure the uni formity in detail so essential to the public interest. Necessarily the accounts must recognize also the varying size of the different companies and of their operations; and it has also been deemed desirable to conform, so far as practicable, to the standard classifications

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tentatively put out in the attempt, on a national basis, to develop a uniform system yielding readily comparable results. The system herewith prescribed is the result of a year of investigation, conferences and study. Undoubtedly ambiguities in the definition of the accounts exist, and other necessary modifications in arrangement and application will develop from experience in their use.

The Commission realizes that no system of accounts will or should result in absolute uniformity in business practices or policies. The prudence, honesty and skill with which the different properties are managed are not determined by accounting rules, but if proper accounting rules are faithfully applied, they should be disclosed in the accounts and the public returns. By prescribing this system of accounts the Department does not undertake to indicate what expenditures it considers should or should not be capitalized. Indeed, in the performance of its duty it cannot do so. Questions of what amounts of new capital may properly be authorized must be determined as they arise, and in their determination many considerations other than those disclosed by accounts are involved. Consequently, it is to be understood that the Department does not commit itself to approve any item set out in any account, either as to the amount or character, whether for rate-making purposes or for the approval of the issue of securities. From the facts disclosed by the accounts and the condition, character and financial history of the properties, the Commission will, in such cases, determine what weight shall be given, if any, to the various items in the several accounts.

The following is therefore adopted: —

In the matter of the books and accounts to be kept by gas and electric companies or persons engaged in the manufacture and sale or distribution of gas or electricity and of the annual returns to be made to the Department, pursuant to the provisions of sections 81 and 83 of chapter 164 of the General Laws, after notice and a public hearing and upon due consideration thereof, it is —

Ordered, That on and after July 1, 1921, gas and electric companies or persons engaged in the manufacture and sale or distribution of gas or electricity shall keep their books and accounts in the form prescribed in a Uniform System of Accounts for Gas and Electric Utilities prepared by the Department, an attested copy whereof is hereto attached; and shall close their accounts annually on the thirty-first day of December; and shall annually on or before the first day of March make to the Department, in a form prescribed by it, a return for the year ending on the preceding thirty-first day of December: provided, however, that the first return hereunder shall be made for the six months ending December 31, 1921; and provided, further,

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that the annual return for the year ending June 30, 1921, shall be made in the form heretofore prescribed on or before the second Wednesday of September, 1921.

By order of the Commission,

ANDREW A. HIGHLANDS,
Secretary.

A true copy. Attest.

ANDREW A. HIGHLANDS,
Secretary.

MAY 27, 1921.

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INTRODUCTORY LETTER.

THE COMMONWEALTH OF MASSACHUSETTS.
DEPARTMENT OF PUBLIC UTILITIES.

STATE HOUSE, BOSTON, May 27, 1921.

To the Gas and Electric Utilities.

Acting under instructions of the Department of Public Utilities, I am transmitting to you herewith an order of the Department, dated May 27, 1921, relating to the adoption of a uniform system of accounts for gas and electric companies; also a copy of the Uniform System of Accounts for Gas and Electric Companies prescribed in said order.

In the preparation of the accounting rules the Department has had the co-operation of a committee of representatives of the utilities designated by the Department as a result of a public hearing held April 7, 1920, and has had the benefit of the uniform classification of gas and electric accounts prepared by a committee of the National Association of Railway and Utility Commissioners and endorsed by that association at its annual meeting last fall. Helpful suggestions have been obtained from classifications heretofore adopted by other States. A tentative issue of the Uniform System of Accounts was prepared and sent to all the gas and electric companies of record in this office, and an invitation extended to them to offer such criticisms and suggestions as they might deem helpful. Later a number of conferences were held at which suggestions were offered by the representatives of the utilities. The suggestions were found to be very helpful, and in many instances were embodied in the adopted system of accounts.

The observance of the rules prescribed in this classification of accounts is obligatory upon all persons having direct charge of the accounts of the utilities concerned, and such persons will be held responsible for their application. The attention of the accounting officer is called to the importance of requiring all employees who are assigned to accounting work to familiarize themselves thoroughly with these instructions.

In order that uniformity in the application of the provisions of this classification may be secured, accounting officers are invited to submit all questions of doubtful interpretation to this Department for consideration and decision.

J. W. LESTER,
Chief Accountant.

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GENERAL INSTRUCTIONS.

1. Form of Books and Accounts Prescribed.

Gas and electric companies shall, on and after July 1, 1921, keep their books and accounts in accordance with the rules, definitions and instructions herein set forth. The prescribed accounts shall show fully all necessary facts pertaining to the entries made therein, with identifying references to the records, contracts, pay rolls or other original books or memoranda upon which the same are founded. All books of account, pay rolls, records, contracts, vouchers and original books and memoranda relating to the financial affairs of the companies must be so filed as to be readily accessible for examination by representatives of the Department. Manufacturing companies in which the manufacture and sale of gas or electricity is a minor portion of the business, or persons engaged in such business, shall be required to keep books and accounts of the transactions relating to their gas and electric business only. In case account numbers or symbols are used as a means of identifying accounts, in such books as ledgers, cash books, journals, voucher registers or other books of record, the appropriate titles of the accounts as given in the classification must also be used.

2. Form of Station Records Prescribed.

Gas and electric companies and manufacturing companies, or persons engaged in the manufacture or sale of gas or electricity, shall, on and after July 1, 1921, keep station records of their manufacturing or generating plants and distributing systems, and of the operation thereof in accordance with the rules, definitions and instructions herein, or in the annual return, prescribed.

3. Preservation of Records.

All books, accounts, contracts, records, vouchers and memoranda pertaining to any or all of the company's property or its corporate or financial affairs (except certificates representing retired and canceled security issues or other papers the destruction of which may be authorized from time to time by the Department) must be permanently preserved. All other original records must be preserved pending such further general or specific instructions as the Department shall from time to time prescribe.

4. Subdivision of Accounts.

In order that the accounting company may have a more comprehensive idea of the manner in which the funds of the company have been expended, and in order that it may develop efficiency in operation, the company may subdivide any primary account in this classification, provided that the subprimary accounts do not impair the integrity of the accounts hereby prescribed.

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5. Combined Gas and Electric Companies.

(*a*) *Balance Sheet Accounts.* — Companies operating more than one class of utility (gas or electric) are not required to keep separate balance sheet accounts for each utility, but separate accounts must be kept for each class of utility property to the extent provided in the texts and instructions pertaining to plant and equipment accounts and other items as specifically required in the texts of the accounts.

(*b*) *Property Accounts.* — A clear division (so far as possible) must be maintained between gas and electric property. Each class of accounts shall include all expenditures that can be definitely and properly assigned thereto.

In case the accounts of the company do not definitely show the value of the property to be assigned to the gas or the electric department, the property may be divided on an estimated basis.

6. Gas and Electric Companies Classified.

For the purpose of effectively applying the provisions of this classification of operating expenses to the accounts of all companies, such companies are divided into three classes, as follows: —

Class A. — Companies having average operating revenues of more than $200,000.

Class B. — Companies having average operating revenues of more than $50,000, but not exceeding $200,000.

Class C. — Companies having average operating revenues not exceeding $50,000.

All companies will keep Balance Sheet, Plant Investment, Income, Profit and Loss, and Operating Revenue accounts as provided in this system of accounts (so far as applicable to their business).

In the case of each company there may be found certain accounts in the classification not necessary in recording its operations or applicable to its business, and these it will not be required to keep.

Any company may use the accounts prescribed for the next higher class, and may further divide any accounts into such subdivisions as desired. Any subdivision of an account must bear the same number as the account subdivided, to which may be added any additional mark of designation that the company may desire.

If at the close of any year the average of the annual revenues for the three preceding years is greater than the amount indicated herein for the class in which the utility has been put, the higher class of accounts should be adopted.

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INSTRUCTIONS PERTAINING TO BALANCE SHEET ACCOUNTS.

1. Balance Sheet Accounts.

The term *balance sheet* accounts is used to designate those accounts which are provided for the purpose of combining and summarizing the balances in ledger accounts to show the assets, liabilities and surplus or deficit of the business at a given time.

Where the title and definition of a balance sheet account clearly indicate that it is a summary of other accounts, it is not required that a special ledger account be kept under such title.

2. Book Value of Investment Securities.

Whenever securities other than those issued or assumed by the accounting company are required by it, the actual cost thereof shall be entered on the books. If subsequently the company desires to adjust their value on account of a substantial appreciation or depreciation, it is at liberty to do so to the extent of showing them at a reasonable valuation. The entries on the books with respect to such securities, as well as the annual reports to the Department, shall clearly show the reasons for making the adjustments.

3. Premium on Capital Stock.

Ledger accounts shall be provided to cover the premiums on each class of capital stock issued or assumed by the company.

By the term *premium* is meant the excess of the actual cash paid in in accordance with the provisions of law relating thereto over the par value of such stock.

For the purpose of this classification the premium realized at the sale of capital stock shall not be considered a profit and loss item, except upon reacquirement of the stock sold.

4. Discount, Expense and Premium on Bonds.

Ledger accounts shall be provided to cover the discounts, expense and premiums at the sale of each class of bonds issued or assumed by the company. The total of the net debit balances remaining in these several accounts shall be included in account No. 216, "Discount on Bonds," and the total of the net credit balance in account No. 316, "Premium on Bonds."

By the term *discount* is meant the excess of the par value of bonds issued or assumed, and the accrued interest thereon, over the actual cash value of the consideration received for such securities.

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By the term *premium* is meant the excess of the actual cash value of the consideration received for bonds issued or assumed over the par value of such securities, and the accrued interest thereon.

By the term *expense* is meant all expense in connection with the issue and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording mortgages and trust deeds; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees acting under mortgages and trust deeds; fees paid for legal services to trustees relative to mortgage securities; fees and commissions paid underwriters and brokers for marketing such evidences of debt; and other like expense.

There shall be charged to income account No. 578, "Amortization of Discount," at regular accounting intervals, a proportion (based upon the ratio of such fiscal period to the remaining life of the respective securities) of each of the debit balances in these accounts, and correspondingly there may be credited to income account No. 565, "Amortization of Premium on Bonds," a similar proportion of each of the credit balances in these accounts. Utilities may extinguish at any time, through charge to Profit and Loss, all or any portion of the debit balances remaining in any of these accounts, or may defer the extinguishment of credit balances until the maturity of the obligations represented.

When any bonds which have been actually issued to bona fide holders for value are reacquired by the accounting company and canceled, a proportion of the balance remaining in the accounts covering discount, expense, and premium on bonds of the class of security reacquired shall be credited or charged, as may be appropriate, to Profit and Loss. Such proportion shall be based upon the ratio of the par value of the security reacquired to the par value of all the securities of the same class actually outstanding immediately before such reacquirement.

5. Reserve Accounts.

Reserves set aside for definite and specific purposes shall under no circumstances be diverted to any other use without the consent of the Department.

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SCHEDULE OF BALANCE SHEET ACCOUNTS.

BALANCE SHEET STATEMENT.

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TEXT PERTAINING TO BALANCE SHEET ACCOUNTS.

ASSET ACCOUNTS.

Investments.

101–139. Plant Investment.

This account shall include the ledger balances representing the accounting company's investment in plant devoted to gas or electric operations.

150–155. General Equipment.

This account shall include the ledger balances representing the accounting company's investment in general equipment devoted to gas or electric operations.

201. Unfinished Construction.

This account shall include the ledger balances representing the amounts expended for plant and equipment in process of construction under authorization of work orders but not yet ready for service.

Expenditures charged to this account shall be distributed in accordance with the classification provided for permanent entries in the plant accounts, and each of said accounts containing charges for jobs in progress shall be further subdivided so as to show separately for each job or project the amount carried therein pertaining to such job.

When the work is completed on any job, the cost of which has been charged to any of the primary accounts under this head, this account shall be credited with the amount so charged in respect of such job and, concurrently a like amount (or such portion thereof as is chargeable to plant investment account) shall be charged to the corresponding permanent account. In making such transfer to the permanent classification it is required that the identity of the expenditure with the property be fully preserved so that the records will show the total cost of each job or project.

NOTE. — If any project is abandoned, credit this account with the amount expended thereon and charge same to account No. 417, "Other Deductions from Surplus."

202. Miscellaneous Physical Property.

This account shall include the ledger balances representing the accounting company's investment of a permanent nature in property other than that devoted to the operation of the company's plant as a gas or an electric company.

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This includes such items as investments in manufacturing plants, lands, buildings or other properties which are not a part of the company's gas or electric plant or facilities incident thereto; also property acquired and held in anticipation of future use, and property abandoned for operating purposes but still held.

The Department will require in the annual return a schedule showing the cost or book value of such property included herein and the amount of net income derived therefrom, and such other information as the Department may from time to time require.

203. Other Investments.

This account shall include the ledger value of the accounting company's investment advances to other companies and to individuals, and of its investment in securities issued or assumed by such companies when such securities are not held in special deposits or in special funds; also miscellaneous investments not provided for elsewhere.

This account shall be subdivided as follows: —

(*a*) Stocks.
(*b*) Bonds.
(*c*) Notes.
(*d*) Advances.
(*e*) Miscellaneous.

Current Assets.

204. Cash.

This account shall include current funds in the hands of financial officers and agents, and deposits in banks or with trust companies available for use on demand.

NOTE. — Funds deposited for the purpose of paying declared dividends or bond interest coupons shall be included in account No. 205, "Special Deposits."

205. Special Deposits.

This account shall include the moneys in the hands of fiscal agents which have been deposited for specific purposes. This will include amounts deposited on account of declared dividends or matured interest on bonds, and other deposits of a special nature not provided for elsewhere.

This account shall also include amounts realized from the sale of mortgaged property which are held by trustees until such property is replaced.

206. Notes Receivable.

This account shall include the book value of all collectible obligations in the form of loans and notes receivable, or other similar evidences of money receivable.

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207. Accounts Receivable.

This account shall include all amounts owing to the accounting company by consumers, and also any accounts or claims upon which responsibility is acknowledged or which are sufficiently secured to be considered good, and all judgments against solvent concerns where the judgments are not appealable or suspended through appeal. Negotiable instruments will not be included in this account.

208. Interest and Dividends Receivable.

This account shall include the amount of interest accrued to the date of the balance sheet on funded and unfunded securities owned, loans, open accounts, mortgages and deposits; dividends declared on stock owned, and dividends accrued on stocks when contracts require that the dividends be paid at stated times.

Appropriate subaccounts may be raised to show the amount of various classes of income receivable.

NOTE A. — No amount representing interest or dividends receivable shall be included in this account unless its payment is reasonably assured by past experience, by contract, or otherwise.

NOTE B. — No dividends or other returns on securities issued or assumed by the accounting company shall be included in this account.

209. Materials and Supplies.

This account shall include the cost of materials and supplies purchased regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold, including such charges for freight and express as can readily be allocated. Delayed charges, or charges of a trivial nature, covering the cost of transportation on small items, may be included in operating expense accounts G675 or E675, "Transportation Expense." Cash discounts resulting from the prompt payment of invoices shall be credited to the accounts affected, either direct or through the invoices charged to materials and supplies.

This account shall also include the cost of all gas or electric appliances which are held for sale or to be loaned or leased.

Tools purchased in advance of the immediate requirements of the company shall, unless charged directly to operating expense or construction accounts, be charged to this account. Separate accounts should be kept which will enable companies to report the amount of coal, residuals, appliances, motors and materials and supplies of a miscellaneous character on hand at the close of the fiscal period. Inventories of materials and supplies should be taken periodically, and any shortages or overages disclosed by such inventories shall be credited or debited to this account, and debited or credited to account No. 676, "Inventory Adjustments," in case they cannot be assigned to specific accounts.

When any tangible property is dismantled it shall be treated as retired; the original cost of such property shall be credited to the plant investment account in which it is carried, and the salvage value, based upon fair prices for the particular kinds and grades of material, shall be charged to this account.

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Material and supplies taken from stock in excess of the amount actually required, shall, when returned to stock, be charged to Materials and Supplies at the same price at which the account was originally credited, or at the average price of such material if the cost of materials and supplies is kept on an average basis.

210. Other Current Assets.

This account shall include all current assets of the company which are not included under any of the foregoing accounts.

Reserve Funds.

211. Sinking Funds.

This account shall include the amount of cash, the cost or book value of live securities of other companies, and other assets which are held by trustees of sinking and other funds for the purpose of redeeming outstanding obligations; also the par value of live securities issued or assumed by the accounting company and held in such funds.

This account shall also include all income derived from such investments, the amount of which shall concurrently be credited to account No. 321, "Sinking Fund Reserves."

A separate account shall be kept for each fund.

212. Insurance and Other Funds.

This account shall include the amount of cash and the cost or ledger value of securities of other companies, and other assets in depreciation, insurance, employees' pensions, savings, relief, hospital and other funds which have been raised and specifically set aside or invested for specific purposes not provided for elsewhere; also the par value of securities issued or assumed by the accounting company and held in such funds. A separate account shall be provided for each fund.

Prepaid Accounts.

213. Prepaid Insurance.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at regular accounting intervals to this account and charged to the appropriate expense account.

214. Prepaid Interest.

When interest is paid in advance, or when the amount of the interest is deducted from the face of the note, the amount thus prepaid shall be charged to this account. As such interest accrues it shall be credited at regular accounting intervals to this account and charged to the appropriate interest account.

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215. Other Prepayments.

When prepayments are made for any purpose other than insurance, and interest, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited at regular accounting intervals to this account and charged to the appropriate expense or income account.

Unadjusted Debits.

216. Discount on Bonds.

When bonds, securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds and certificates of indebtedness, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 578, "Amortization of Discount." Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to account No. 416, "Discount on Bonds Extinguished through Surplus."

217. Property Abandoned.

This account is intended as a suspense account in which may be carried property abandoned directly in connection with improvements, the amount of which is too large to be included in the utility's accounts for a single year. It is to be used only after permission has been granted by the Department. The utility, in its application to the Department, shall give the full particulars concerning the property retired, the amount to be amortized, and the period over which, in its judgment, the amount of such charge should be distributed.

For each item remaining at the close of the year in this account the utility shall indicate in its annual report to the Department, with respect to each item of property abandoned, the period over which the balance relating to the item will be distributed, the date of the abandonment of the property and the total amount originally charged to operating expenses or depreciation reserve, and the amount charged during the year.

218. Other Unadjusted Debits.

This account shall include all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for deter-

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mining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amount shall be credited to this account and charged to the proper plant investment account; should it be abandoned, such amount shall be charged to account No. 417, "Other Deductions from Surplus."

When the proper disposition of any matter charged to this account is determined it shall be credited to this account and charged to the appropriate account.

No items of expense which would in any way affect the income of the company for any year shall be charged to this account without first obtaining the permission of the Department.

LIABILITY ACCOUNTS.

Capital Stock.

301. Common Stock.

Shares which have no preference in the distribution of dividends.

302. Preferred Stock.

Shares having preference in the distribution of dividends.

303. Employees' Stock.

Shares issued under the provisions of section 26 of chapter 158 of the General Laws.

Premium on Capital Stock.

304. Premium on Capital Stock.

Premiums on stocks should be subclassified with respect to the several classes of stocks. A subaccount should be kept for each particular class of stock, and such subaccounts should be severally entitled: Premiums on Common Stock, Premiums on Preferred Stock, Premiums on Employees' Stock.

When a premium is realized, as provided by law, upon an issue of any particular class of stock, such premium should be credited to the subaccount above mentioned for such class of stock, and the credit should remain in the account as long as the stock remains outstanding.

Bonds and Coupon Notes.

305. Bonds.

This account shall include the total par value of unmatured bonds issued by the accounting company and not retired or canceled; also the total par value of unmatured bonds of other companies, the payment of which has been assumed by the accounting company.

NOTE. — Subaccounts should be kept for each class of bonds issued. No two issues of bonds shall be considered as of the same class unless agreeing in (1) mortgage or other lien or security therefor; (2) rate of interest; (3) interest dates; and (4) date of maturity, except that any parts of a bond issue agreeing in the first three characteristics but maturing serially may be treated as of the same class.

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306. Coupon Notes.

This account shall include all notes payable having interest coupons attached, whether issued by accounting company or assumed.

Current Liabilities.

307. Notes Payable.

This account shall include all promissory notes payable, other than coupon notes, whether issued by accounting company or assumed.

308. Accounts Payable.

This account shall include the amount of audited vouchers or accounts and audited payrolls unpaid on the date of the balance sheet; also balances representing unclaimed wages and outstanding pay, and time or discharge checks issued in payment of wages, and all other unpaid vouchered items.

309. Consumers' Deposits.

Credit to this account, as such deposits are made, all cash deposited with the company as security for the payment of bills. Deposits refunded should be charged to this account and credited to cash. Deposits applicable to uncollectible or worthless bills should, at the close of the fiscal year (or earlier, at the option of the accounting company), be credited to the account of the consumer involved and debited to this account.

310. Matured Interest Unpaid.

This account shall include the amount of interest due and unpaid on loans, funded debt or other obligations of the accounting company, whether such interest remains unpaid because it has not been called for, or for other reasons.

311. Dividends Declared.

When any dividend is declared it should be credited to this account and here remain until it is paid, when it should be charged to this account and credited to cash, or other suitable account.

Dividends should not appear as a liability of the company unless they have actually been declared by vote of the Board of Directors.

312. Other Current Liabilities.

This account shall include items of current liabilities not provided for elsewhere.

Accrued Liabilities.

313. Tax Liability.

This account shall be credited at the close of each accounting period with the amount of taxes accrued during the period, and a corresponding charge shall be made to the appropriate Taxes account. Credits to the account Tax Liability will necessarily be based upon estimate until the amount of tax levied for the

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tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the amount involved shall be adjusted to conform. When any tax is paid it shall be charged to this account. If the taxes paid are in excess of the taxes accrued the amount of the excess shall be shown in red.

314. Interest Accrued.

This account shall include all interest accrued, but not due, upon the funded and unfunded indebtedness of the company.

Separate subaccounts shall be maintained for each item of indebtedness.

When interest matures without being paid it shall be charged to this account and credited to account No. 310, "Matured Interest Unpaid."

Payments to trustees (or other agents) of the holders of bonds or other securities, of the interest accrued thereon, which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying company from further liability for such interest, shall be considered equivalent to payments of interest made direct to bondholders, and such interest shall not be credited to Matured Interest Unpaid.

The interest accrued upon any judgment against the accounting company shall not be credited to this account, but to the account to which such judgment stands credited.

315. Other Accrued Liabilities.

This account shall include all other liabilities accrued to the date of the balance sheet, but not due until after that date, which are not provided for in the foregoing accounts.

Unadjusted Credits.

316. Premium on Bonds.

When bonds or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidences of indebtedness and the accrued interest should be credited to this account. At appropriate intervals thereafter a proportion of such premium, based upon the life of the security, may be charged to this account and credited to account No. 565, "Amortization of Premium on Bonds."

Utility companies have the option of deferring the extinguishment of such premiums until the maturity of the obligation represented.

317. Other Unadjusted Credits.

This account shall include the amount of credit balances in suspense accounts that cannot be entirely cleared and disposed of until additional information is received.

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Reserves.

318. Insurance and Casualty Reserve.

This account shall include the net credit balances in the accounts to which are credited any specific appropriations of surplus and such amounts as are concurrently charged to operating expense account No. 671, "Insurance," to cover self-carried risks on fire, fidelity, boiler, casualty, burglar, and other self-carried insurance. To this account should be charged the proper proportions of losses realized on items protected by such self-carried insurance.

This account shall also include the balance representing the reserve created by charges to operating expenses to provide for loss or damage to the property of others, or of injuries to employees or other persons, and for similar purposes, such charges being made currently for the purpose of equalizing charges to operating accounts for the current accounting year.

In case the company has accrued a reserve for both "Insurance" and "Accidents and Damages," it will be necessary to open a separate account for each reserve in order that the utility may be enabled to report the credit balance applicable to each item.

319. Depreciation Reserve.

To this account shall be credited the amounts charged to operating expense or other accounts for the retirement of property no longer used or useful in the conduct of the company's business, and for losses in value due to wear and tear not covered by current repairs.

320. Other Reserves.

This account shall include the net credit balances in the accounts representing reserves set aside for specific purposes, not elsewhere provided for.

Appropriated Surplus.

321. Sinking Fund Reserves.

This account shall include the unexpended balances in accounts to which are credited definite appropriations of surplus, whether held in general funds or specifically set aside in the hands of trustees for sinking and redemption funds. It shall also include income accretions to such funds retained therein.

322. Miscellaneous Fund Reserves.

This account shall include the net balances in accounts to which are credited definite appropriations of surplus, whether held in general funds or specifically set aside in the hands of trustees and not provided for elsewhere. It shall also include income accretions to such funds retained therein.

Profit and Loss.

400. Profit and Loss — Balance.

This account shall include the balance at the close of the fiscal period as shown in the Profit and Loss account.

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INSTRUCTIONS PERTAINING TO PLANT INVESTMENT AND GENERAL EQUIPMENT ACCOUNTS.

1. Plant Investment Defined.

By *plant investment* is meant the property of a company which is devoted to the accomplishment of the principal purposes of its business, and which has an expectation of life in service of not less than one year from date of installation in service.

Plant investment accounts shall include all expenditures therefor, not directly charged to expense accounts. Charges to plant investment accounts shall be determined by the character of the expenditure and not by the source of the funds used for the construction or acquisition of such property. These accounts shall also include the necessary credits to represent the original cost of all property abandoned, destroyed, sold or otherwise retired from service. Whenever the *original cost* cannot be definitely ascertained, an estimate of the original cost shall be used and the records shall clearly show the basis of such estimate.

Additions consist of property which is added to original plant, and does not take the place of any property of like purpose previously existing.

Betterments are physical changes in structures, facilities or equipment, the object of which is to make the properties affected more useful or of greater capacity than they were at the time of their installation or acquisition. These accounts shall include only such portion of betterments as will, when added to the original cost of the property bettered, give the value of the property in its bettered condition. The remainder of the cost of the change shall be classed as a repair and charged to the appropriate operating expense accounts. When it is necessary to reconstruct or to replace the whole or a major portion of any unit of property or any important section of a continuous structure, the cost of the property removed or replaced shall be credited to the appropriate account in the classification, and the new property shall be charged thereto.

NOTE A. — The renewal of small parts of any unit of property shall be charged direct to maintenance, and under no circumstances shall they be considered as a betterment.

NOTE B. — Renewals of "short-lived" parts of any particular unit of property should be charged direct to maintenance, or to a special reserve account set up for the purpose of amortizing the cost of such renewals.

2. First Entries must Enable Identification.

Every debit or credit to a plant investment account must be made in such wise as to be readily identified with the particular item of property to which it relates. For each job or project the records shall show the date of the entry, the date of acquisition of installation, the date when placed in service, whenever

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practicable, the actual money cost, and the description thereof with such particularity as to make possible the location and identification thereof (including, in case of machinery, apparatus or equipment, the name of the manufacturer and the identifying mark or number if any, imprinted thereon, and such other particulars as may be necessary for identification). Where two or more items are acquired under a single undivided contract, the entry in respect of each shall refer to the others and shall state the entire consideration, and shall also state the portion thereof fairly applicable to the particular item covered by the entry. When any item of capital is withdrawn from service, the date of withdrawal shall be included in the withdrawal entry relating to such item.

NOTE A. — In the case of continuous structures, like electric lines, gas mains, etc., the record shall be itemized to the extent that no item shall contain more than one operating division or section, or more than one type of construction. The entry for any item shall so specify the location and the principal physical characteristics (such as size, weight, type, etc.) of the chief constituent parts of the item that identification may be assured.

NOTE B. — The date when an item of plant investment is placed in service may, if preferred, be kept in the engineering records.

3. Property Retired.

When property, the cost of which has been charged to plant accounts, is abandoned, sold or otherwise retired from service, whether replaced or not, the appropriate plant investment account shall be credited with the amount at which such property stands charged therein at the time of retirement. If the books do not show the cost thereof at the time of such retirement, the amount shall be estimated, and that fact, and the basis of the estimate, shall be noted in the entry. Concurrently, balance sheet account No. 319, "Depreciation Reserve," shall be charged to the extent that the total balance in the reserve is sufficient to cover the cost of the property retired; proper account shall be taken of salvage and insurance, and the remainder, if any, together with expenses incident to the abandonment, shall be charged to Profit and Loss account No. 415, "Appropriations of Surplus for Depreciation."

An adjusting entry made on account of property retired shall show the ledger value of the property at the time of such retirement. The value of the property shall be charged, directly or indirectly, to depreciation reserve; if taken through a temporary account, any salvage or insurance recovered shall be credited to the temporary account, and the net cost of the property shall be charged to Depreciation Reserve.

When property is retired as a result of an extraordinary casualty or contingency, unforeseen and unprovided for, the cost of property so retired may, upon authority from the Department, be charged to account No. 217, "Property Abandoned," and amortized during the period authorized by charges to account No. 319, "Depreciation Reserve," proper allowance first having been made for any salvage and insurance, and the amount, if any, previously provided for in depreciation reserve for the property so retired.

Credits for original cost of property retired should include such part of the overhead costs as has been assigned to the item retired.

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The cost of dismantling, tearing down or removing any discarded plant or equipment shall be considered a part of the retirement loss and charged to maintenance, Depreciation Reserve, or to Property Abandoned.

4. Basis of Charges to Plant Investment Accounts.

The charges to the accounts of this classification on account of expenditures for the acquisition of property and for improvements shall be based upon the cost of the property and the improvements, and the property shall be carried in the plant accounts at no more and no less than its actual cost unless, or until, such property is abandoned, replaced, reconstructed or converted. When the consideration given for the purchase of property or for the improvement of property chargeable to the accounts of this classification is anything other than money, the money value of the consideration at the time of the transaction shall be charged to these accounts, and the consideration shall be described in the record with sufficient particularity to identify it.

Charges for materials and supplies shall be based upon the net cost thereof at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If materials and supplies are passed through storehouses, their cost entered in these accounts may include the cost of handling said materials.

The cost of tools purchased for exclusive use in connection with specific construction work shall be included in the accounts to which the cost of the work is chargeable. Upon completion of the work the amount realized from the sale of such tools or their appraised value, if retained upon completion of the work for which purchased, shall be credited to the accounts originally charged with their cost. If not sold, their appraised value shall be charged to Materials and Supplies or other appropriate account.

Whenever second-hand material is used, the record shall clearly show such fact.

No adjustment of any plant accounts shall be made on the basis of any appraised value. Should the Department at any time find a certain value of the property for rate making or other purposes, such finding does not warrant changing the books of account (unless specifically so directed). The books are intended to show at all times the original cost to the company of its existing property less such credits as may have been made on account of property abandoned, sold, reconstructed or converted.

5. Land Sold or Reclassified.

When any land, the cost of which has been included in the accounts of this classification, is sold, the appropriate account shall be credited with the amount at which such property stands charged therein at the time of such sale, and the difference between the amount thus credited and the amount received from the sale of the property shall be credited to a suspense account and subsequently applied to other capital purposes unless the Department shall otherwise decree.

When the use of land in utility service or in operations incident thereto is discontinued, and the land is retained in possession by the utility company, the

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appropriate account in this classification shall be credited with the amount at which such land stands charged therein, and concurrently this amount shall be charged to balance sheet account No. 202, "Miscellaneous Physical Property."

6. Property Constructed under Contract.

Any company contracting for the construction of new plants, or for additions and betterments, shall require reports of such construction in such detail as may be necessary to enable such company to report to the Department the original cost in such detail and form as prescribed in this classification.

7. Improvements on Leased Property.

Where improvements are made on property held under lease, if substantially the full benefit of such improvements will be obtained, the cost thereof may be charged to a subaccount under the appropriate plant investment account, and depreciation and retirements in connection therewith treated in the same manner as the property owned. If the lessor is required to reimburse the lessee for such expenditures no entry shall be made in plant investment accounts in connection therewith. In case substantially the full benefit will not be obtained because of reversion to the lessor at the expiration of the lease, the cost of improvements should be charged to a suspense account and cleared by uniform charges to rent deduction accounts, within the period for which the property is leased. The cost of ordinary repairs and minor changes and rearrangements should be charged to the appropriate account in operating expenses.

8. Unfinished Construction.

Balance sheet account "Unfinished Construction" shall include all expenditures for construction work until completed, the charges to be classified in such manner as in the permanent entries, and upon the completion of projects the net cost shall be transferred to the permanent accounts.

In the accounting for expenditures for construction purposes it is required that the following objects be accomplished: —

1. Identification of expenditures with property.
2. A clear statement of the total cost of each job or project.
3. The exclusion from plant investment accounts of all charges not properly includible therein.

For these purposes a suitable work order system shall be adopted by means of which the expenditures may be positively identified.

This work order shall show the nature of the work to be performed and the location of the work. It shall also state whether it is new construction or whether it is reconstruction and replaces other property; if reconstruction, it shall describe in detail the property which has been replaced, and shall show the original cost of the replaced property. If the original cost is not known the estimated cost shall be stated.

In addition to the work order, a construction ledger or record book shall be opened, in which shall be recorded the cost of all expenditures on account of

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company labor and material used in connection with the work or on account of expenditures for contract work.

This record shall bear the same number as the work order authorizing the work, and shall also contain such other information as will positively identify the work; it shall also show the date when the work was started and when completed.

As the work progresses all items of labor and material must be entered in this record, together with sufficient information to enable the accounting company to identify the charges by reference to voucher numbers covering the purchase of specific items of material, to pay rolls or to storeroom records covering the issue of material from that source.

When the work is finally completed all material issued by the storekeeper shall be summarized so as to show the total number and amount of each kind of material used.

If anything of an unusual character occurs during the progress of the work which would in any way affect the cost, a record should be made of that fact.

This record should also contain a complete description of all property sold, destroyed or abandoned, together with its original cost or present book value. If the original cost or book value is not known, the estimated value should be stated.

In order that there may be no misunderstanding as to what is required by the Department, the accounting companies must submit a copy of the work order and the construction ledger already adopted, or to be adopted, as it is important that the cost of construction and reconstruction work should be reported in a uniform manner.

NOTE. — The above ruling shall apply to all construction work, with the possible exception of the installation of "services." If it is the custom of the accounting company to install services on the basis of a monthly or quarterly appropriation, a record should be kept which will enable the Department to determine the reasonableness of the charges. This record should show the number of services installed during the period, the location of the work and the total cost.

9. Incidental Services of Employees.

No charge shall be made against plant accounts for the salaries or wages of officers and employees who perform incidental services in connection with construction or addition and betterment work. When officers or employees give all or a substantial proportion of their time to construction or to addition or betterment work, the whole or an equitable proportion of their salaries and their traveling and incidental expenses in connection with such work may be included in the cost of the work.

10. Salvage and Insurance.

Salvage, as the term is employed in this classification, means the value to the accounting company, based upon a fair market price, of equipment or other material recovered in the process of repairing, replacing or abandoning plant and equipment, or the net amount received from its sale if the material is not re-

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tained by the accounting company. Salvage recovered in connection with a replacement or abandonment involving a deduction from plant equipment accounts shall be credited directly or indirectly against the account to which the retirement loss is chargeable. Salvage recovered in connection with maintenance expenses, not involving deductions from plant equipment accounts, shall, so far as practicable, be credited to the appropriate maintenance accounts. Insurance recovered on property damaged or destroyed shall be treated in the same manner as salvage.

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SCHEDULE OF PLANT INVESTMENT AND GENERAL EQUIPMENT ACCOUNTS — GAS.

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TEXT PERTAINING TO PLANT INVESTMENT AND GENERAL EQUIPMENT ACCOUNTS — GAS.

Intangible Property.

G101. Organization.

This account shall include all fees paid to governments for the privilege of incorporation, and all office and other expenditures incident to organizing the company and putting it into readiness to do business. This covers the cost of preparing and distributing prospectuses; cost of soliciting subscriptions for stock (but not for loans or for the purchase of bonds or other evidences of indebtedness); cash fees paid to promoters and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise; counsel fees; cost of preparing and issuing certificates of stock and cost of procuring certificates of necessity from State authorities, and other like costs. This account shall not include any discount on securities issued, or any costs incident to negotiating loans or selling bonds or other evidences of indebtedness. Any amount charged to this account should be amortized within a reasonable period.

G102. Miscellaneous Intangible Investment.

This account shall include the cost (if the expenditure is approved by the Department) of any intangible property purchased by the accounting company which cannot be specifically assigned to some other account in this classification.

NOTE. — When any company reclassifies the book accounts representing its investment in plant prior to the effective date of this classification, and finds that there is an amount in excess of that which is properly chargeable to other prescribed accounts, this excess shall be charged to Miscellaneous Intangible Investment.

Any items charged to this or the preceding account shall be amortized by the accounting company as directed by the Department.

Tangible Property.

SPECIFIC ACCOUNTS.

G111. Land.

This account shall include the cost of all land which is devoted to gas operations. This covers land occupied by gas works and their appurtenances (including docks and wharves); also land for office buildings, service buildings, warehouses, garages, buildings for storage purposes, or for any other purpose in connection with gas operations. Such cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commission or fees,

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taxes accrued to date of transfer of title, and all liens upon the title acquired; also cost of obtaining consents and payments for abutting damages.

This account also includes special assessments levied by public authorities on the basis of benefits for streets and other public improvements, such as new roads, bridges, sewers, water systems, pavements, curbing, etc., and grading when not done in connection with buildings. This account shall also include the cost of bulkheads built for the purpose of confining filling within a specified area.

The cost of buildings and other improvements shall not be included in this account. If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the accounting company to its gas operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account and excluded from this account. If such improvements are not devoted to gas operations, but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate plant investment account or to balance sheet account No. 202, "Miscellaneous Physical Property." If the improvements are removed or wrecked, the cost of removing or wrecking them shall be charged and the salvage credited to the land account.

Net proceeds from the sale of timber, cordwood or other property purchased with lands shall be credited to this account.

This account may be subdivided as follows, and, so far as practicable, records of the cost of land devoted to gas operations shall be kept in the detail indicated. Land used both for general office and departmental purposes may be classed as Miscellaneous. When the general office is in the gas works, the land shall be considered gas works land.

(*a*) Land Occupied by Gas Works.
(*b*) Land Occupied by Outside Holder Stations.
(*c*) General Office Land.
(*d*) Miscellaneous Land Devoted to Gas Operations.
  (1) Stores Department Land.
  (2) General Shop Land.
  (3) Garage Land, etc.

G113. Structures.

This account shall include the cost of all permanent buildings and structures to house, support or safeguard property of persons, with all appurtenant fixtures and improvements.

Buildings shall include all fixtures attached to and forming a part thereof, such as water pipes and fixtures; steam pipes and fixtures for heating and ventilating; gas pipes and fixtures for lighting, etc.; electric wiring and fixtures for lighting, signaling, etc.; elevators, cranes and hoists and the motive power for operating them; storage batteries and electric generators with their prime

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movers specially provided for building service; conduits which form a part of the building; and subways or areaways directly connected to and forming a part of the building. This account also includes cost of excavations, brick or concrete chimneys, and such piers and foundations for machinery and apparatus as are designed to be as permanent as the buildings and independent of their use in connection with any particular units of equipment. Charge also the cost of architect's plans and of superintendence of construction.

This account shall also include stables, garages, yard lighting system, docks and waterfront improvements, railroad tracks, tramways and trestles, and any other permanent structures which are an improvement to the property.

This account may be subdivided as follows, and, so far as practicable, records of the cost of structure devoted to gas operation should be kept in the detail indicated. Structures used both for general offices and departmental purposes may be classed as "Miscellaneous." When the general office is in the gas works, the building shall be considered a works structure.

Works and station structures include retort houses, generator houses, purifier houses, engine houses, boiler houses (including brick and concrete chimneys), meter houses, coke towers, coal towers, coal sheds, coke sheds, tar houses, oil tanks, tar wells and other structures for storage of fuel to be consumed or carbonized in the production of gas, and the operations auxiliary thereto; structures for residuals and by-products; appurtenant walks, fences, driveways, tramways, trestles, etc.; and all fixtures permanently attached to such structures and made a part thereof. This subdivision also includes all buildings and structures at outlying holder stations, except the holders and their appurtenances.

Holders include tanks, foundations, framework, guides, pulleys, etc., and inlet and outlet valves of such holders; but holder-housings should be included with Works and Station Structures.

(*a*) Works and Station Structures.
(*b*) Holders.
(*c*) General Office Structures.
(*d*) Miscellaneous Structures Devoted to Gas Operations.
  (1) Stores Department Structures.
  (2) General Shop Structures.
  (3) Garage Structures, etc.

NOTE A. — When furnaces and boilers are used primarily for furnishing steam for some particular department, and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers should be charged to the appropriate departmental capital account, and no part to this account.

NOTE B. — The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, shall be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

NOTE C. — This account should not include any charges for lighting, heating or other fixtures temporarily attached for purposes of display or demonstration.

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Gas Production Equipment.

G114. Boiler Plant Equipment.

This account shall include the cost of all furnaces, boilers and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations or for other purposes. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smoke stacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also metal smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, superheaters, damper regulators, feed and hot-water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, reservoirs for boiler or condenser water and intake and discharge water pipes, pipe lines and tunnels, air and general service pipes, steam traps, drains and separators, and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings; the cost of such pipes shall be included in that of the buildings in which they are located.

G115. Engines.

This account shall include the cost of all engines devoted to use as prime movers in gas works; also condensers, cooling towers and air and circulating pumps, lubricating systems, but not the steam pipe leading from the boiler, nor the exhaust pipe. This includes the specially provided foundations and settings of such engines, etc. The engine, whether reciprocating, internal combustion or rotary (such as steam turbines), should be considered to include the throttle or inlet valve and the governor.

NOTE. — When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal and pipe line, the cost should not be charged to this account but to a special subaccount under account No. G113, "Structures," entitled Water Supply Structures — Steam.

G116. Miscellaneous Power Plant Equipment.

This account shall include the cost of all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools at power plants, as are proper to be capitalized, etc.

G117. Benches and Retorts.

This account shall include the cost of benches and retorts and all auxiliary equipment up to the outlet of the foul main from the carbonizing plant; coal,

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coke and ash handling apparatus, stand pipes, hydraulic main and appurtenances. Include also specially provided excavations and foundations for such equipment.

G118. Water Gas Sets.

This account shall include the cost of sets and accessories devoted to the production of water gas, including the cost of specially provided foundations and settings for such sets. This account includes not only generators, carburetors, superheaters, seals and piping connected therewith, but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes the primary purpose of which is heating buildings.

G119. Purification Apparatus.

This account shall include the cost of all purification apparatus, such as condensers, exhausters, washers, scrubbers, purifiers, tar extractors, pumps, etc., and their auxiliary apparatus and piping, including the cost of specially provided foundations and settings.

G120. Other Equipment at Works.

This account shall include the cost of all equipment at works and holder stations which is not includible under any of the foregoing accounts. This includes piping in yards, station meters, governors, coal and coke handling machinery outside of retort houses, tar and ammonia apparatus, pumps, pipes, tanks, and all other apparatus not included in the foregoing accounts.

Transmission and Distribution.

G121. Street Mains.

This account shall include the cost of all trunk lines and mains in place. This includes all pipe lines from the yard connections to district holders, and from the works governor to the beginnings of services, including the cost of all trenching, etc., necessary to the placing of the pipe, and the cost of filling trenches and restoring the surface to its former condition or to that required by the municipal authorities at the time the line is installed.

NOTE. — This account may be subdivided to show separately the cost of high-pressure mains and low-pressure mains.

G122. Services.

This account shall include the cost of the company's property in service pipes and appurtenances in or leading to consumers' premises. This includes the cost of material in place, cost of trenching for placing services, and of filling trenches and restoring surface to proper condition; also first installation of house governors, installation of pressure observation pipes, putting new sleeve on main, setting tee in main when necessary to connect new service, paving, lamping

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and watching, tools issued for the work and cost of maintaining such tools during the construction, cartage and other incidentals.

NOTE. — When consumers are required to pay some or all of the cost of services, only that portion of the cost not chargeable to the consumer shall be included in this account. To support such charges complete information should be kept as to the total cost of such services, and the basis upon which such cost is divided between the utility and the consumer.

G128. Consumers' Meters.

This account shall include the cost of the company's property in all meters and appurtenances for measuring the gas delivered to consumers. This includes, in addition to cost of meters to point of delivery on the company's premises, such incidentals as cost of meter badges and their attachment to the meters, testing and storing new meters. This account shall not be charged with a number of meters in excess of the number in service and those reasonably held for future use.

NOTE. — This account does not include the cost of the company's station meters at the works; such cost should be charged to account No. G120, "Other Equipment at Works," or to a subaccount thereunder.

G129. Consumers' Meter Installation.

The cost, including labor and materials of the first setting of meters for determining the amount of gas delivered to consumers, shall, unless charged directly to operating expense accounts, be charged to this account.

When any meter service is permanently discontinued, this account shall be credited with an amount representing the average installation cost of a consumer's meter.

Utilization Equipment.

G132. Street Lighting Equipment.

This account shall include the cost to the utility of all lighting equipment operated and maintained under the contract for public lighting entered into with the municipality. This includes lamps, posts, services and all accessory apparatus and appliances, including the cost of replacing paving disturbed, and other expense in connection with the first setting and installation. Subsequent removals and change of location will not be charged to this account, but to operating expenses.

NOTE. — When the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account.

G133. Consumers' Premises Equipment.

The cost of all property of the company installed on consumers' premises (except meters, service connections and governors), and loaned, rented or leased to such consumer, shall, unless charged directly to operating expense accounts,

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be charged to this account. This includes such items as gas engines, stoves, ranges, heaters, irons, lamps and other appliances.

NOTE. — No charges shall be made to this account in connection with equipment sold to consumers, or which is to become the property of the consumer upon the completion of payments thereon.

Undistributed Expenditures During Construction.

G134. Engineering and Superintendence.

This account shall include expenditures for services of engineers, draftsmen and superintendents, employed on preliminary and construction work when such expenditures cannot be satisfactorily assigned to specific construction accounts; also expenses incidental to engineering and superintendence when not assignable to other accounts.

NOTE A. — Expenditures in connection with tentative or preliminary surveys and tests shall be carried in a suspense account until it is determined whether or not the work will be continued. If the project is continued, such expenditures shall then be transferred to the appropriate plant investment account (or to this account if it cannot be assigned to the appropriate account). If the project is abandoned, the expenditures, or such portion as is not chargeable to operating expenses, shall be charged to profit and loss accounts.

NOTE B. — Entries of charges to this account shall clearly indicate the property in connection with which such charges are made, and upon permanent retirement of any property with respect to which any charge is carried in this account, there shall be credited to this account an amount equal to such charge.

G135. Law Expenditures During Construction.

This account shall include general expenditures of the following nature incurred in connection with the construction of a gas plant, — namely, the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suits and payments of special fees, notarial fees, and witness fees and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged and not to this account. Expenditures in connection with the acquisition of right of way or other land should be charged to account No. 111, "Land." Law expenditures in connection with the organization of the corporation should be charged to account No. 101, "Organization."

G136. Interest During Construction.

When any bonds, notes or other evidences of indebtedness are sold, or any interest bearing debt is incurred, for acquisition or construction of plant and equipment, the interest accruing on the part of the debt representing the cost of property chargeable to plant accounts (less interest, if any, allowed on unexpended balances), after such fund becomes available for use and before the re-

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ceipt or the completion or coming into service of the property so acquired, shall be included in this account.

When such securities are sold at a premium, the proportion of such premium assignable to the time between date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for service shall be credited to this account.

This account shall include also such proportion of the discount and expense on long-term debt issued for construction purposes as is equitably assigned to the period between the date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for the service for which it is intended. The proportion of discount and expense thus chargeable shall be determined by the ratio between the period prior to the completion or coming into service of the facilities or improvements acquired or constructed and the period of the entire life of the securities issued.

This account shall also include reasonable charges for interest during the construction period on the accounting company's own funds used temporarily during such period for construction purposes.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged and not to this account.

NOTE. — If any securities issued or assumed by the accounting company are sold or exchanged by or for that company for a consideration, the actual money value of which, at the time of such sale or exchange, is less than the value of the securities at par and the accrued interest thereon, if any, the difference between the money value of the consideration received and the par value of the securities, plus the accrued interest, shall be deemed discount, and in no case (except as provided in the third paragraph of this account) shall discount be included as part of the cost of anything charged in any investment account prescribed in this classification.

G137. Accidents and Damages During Construction.

This account shall include all expenditures incident to accidents to persons or damages to property of others when caused directly in connection with construction of gas plant and equipment. This covers fees and proportion of salaries and expenses of physicians and surgeons; compensation insurance; nursing and hospital attendance; medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payment to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees, court costs and amount of final judgments.

When any of the expenditures above enumerated can be charged directly to the account for which incurred they should be so charged and not to this account.

G138. Taxes During Construction.

This account shall include all taxes and assessments levied and paid or chargeable on property belonging to the accounting company while such property is

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under construction, and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewering, curbing, guttering, paving sidewalks, etc., which should be charged to the account to which the property benefited is charged.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged, and not to this account.

G139. Miscellaneous Expenditures During Construction.

All expenses directly incurred in connection with the construction or acquisition of property classable as plant equipment, which cannot properly be included in any other construction account in this classification, shall, unless charged directly to operating expense accounts, be charged to this account.

General Equipment.

G150. Office Equipment.

The cost of all permanent equipment in offices, such as desks, chairs, tables, safes, filing cases, drafting-room equipment, typewriters, legal and technical books, mechanical office devices and all movable furniture, shall, unless charged directly to operating expense accounts, be charged to this account.

G151. Shop Equipment.

The cost of equipment especially provided for shops, including such shop equipment as machine tools, cranes, hoists, shafting, belts, power apparatus for operating machinery and all miscellaneous shop equipment, shall, unless charged directly to operating expense accounts, be charged to this account.

G152. Stores Equipment.

The cost of all equipment of general store structures, such as movable shelving and counters, carts, barrows, trucks and other apparatus and appliances used in handling materials and supplies, including loading and unloading machinery, derricks, cranes, hoists, conveying apparatus and items of similar nature, shall, unless charged directly to operating expense accounts, be charged to this account.

G153. Transportation Equipment.

The cost of the transportation equipment used by the utility, such as horses, wagons, drays, trucks, harnesses, automobiles, motorcycles, bicycles and similar equipment, shall, unless charged directly to operating expense accounts, be charged to this account; also apparatus especially provided for repairing stable and garage equipment.

G154. Laboratory Equipment.

The cost of all testing apparatus and laboratory equipment not elsewhere provided for, shall, unless charged directly to operating expense accounts, be charged to this account.

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This account should not include such instruments as are permanently assigned to generating stations and substations.

G155. Miscellaneous Equipment.

The cost of all tools and implements not elsewhere provided for, such as construction equipment, including boilers, engines, motors, hoists, concrete mixers and distributing apparatus, pumps, air compressors, riveters, lathes, power saws, pipe machines, forges, steam hammers, pile drivers, steam shovels, industrial track and cars, etc., and any equipment of a permanent nature which cannot properly be charged to any of the foregoing accounts, shall, unless charged directly to operating expense accounts, be charged to this account.

NOTE. — The cost of small portable tools and implements, such as hammers, saws, wrenches, files, jacks, wire cutters, etc., shall not be charged to this account. Such items shall be carried in account No. 209, "Materials and Supplies," until issued for use, when Materials and Supplies shall be credited and the appropriate work order or other account charged with the cost of the tools or implements so issued. The cost of maintaining tools and implements shall be charged to the expenses of the department to which they are assigned.

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SCHEDULE OF PLANT INVESTMENT AND GENERAL EQUIPMENT ACCOUNTS — ELECTRIC.

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TEXT PERTAINING TO PLANT INVESTMENT AND GENERAL EQUIPMENT ACCOUNTS — ELECTRIC.

Intangible Property.

E101. Organization.

This account shall include all fees paid to governments for the privilege of incorporation, and all office and other expenditures incident to organizing the company and putting it into readiness to do business. This covers cost of preparing and distributing prospectuses; cost of soliciting subscriptions for stock (but not for loans or for the purchase of bonds or other evidences of indebtedness); cash fees paid to promoters and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock and cost of procuring certificates of necessity from State authorities, and other like costs. This account should not include any discount on stocks or other securities issued, nor should it include any costs incident to negotiating loans or selling bonds or other evidences of indebtedness. Any amount charged to this account should be amortized within a reasonable period.

E102. Miscellaneous Intangible Investment.

This account shall include the cost (if the expenditure is approved by the Department) of any intangible property purchased by the accounting company which cannot be specifically assigned to some other account in this classification.

NOTE. — When any company reclassifies the book accounts representing its investment in plant prior to the effective date of this classification, and finds that there is an amount in excess of that which is properly chargeable to other prescribed accounts, this excess shall be charged to Miscellaneous Intangible Investment.

Any items charged to this account shall be amortized by the accounting company as directed by the Department.

Tangible Property.

SPECIFIC ACCOUNTS.

E111. Land.

This account shall include the cost of all land devoted to electric operations. This covers land for generating stations, substations, office buildings, service buildings, warehouses, garages, buildings for storage purposes, docks and wharves, or for any other purpose in connection with electric operations. Such cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commission or fees, taxes accrued to date of transfer of

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title, and all liens upon the title acquired; also cost of obtaining consent and payments for abutting damages.

This account also includes special assessments levied by public authorities on the basis of benefits for streets and other public improvements, such as new roads, bridges, sewers, water systems, pavements, sidewalks, curbing and grading when not done in connection with buildings. This account shall also include the cost of bulkheads built for the purpose of confining filling within a specified area.

The cost of buildings and other improvements shall not be included in this account. If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the accounting company to its electric operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from this account. If such improvements are not devoted to electric operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) should be charged to the appropriate plant investment account or to balance sheet account No. 202, "Miscellaneous Physical Property." If the improvements are removed or wrecked, the cost of removing or wrecking them shall be charged and the salvage credited to the land account.

Net proceeds from the sale of timber, cordwood or other property purchased with lands shall be credited to this account.

This account may be subdivided as follows, and, so far as practicable, records of the cost of land devoted to electric operations shall be kept in the detail indicated. Land used both for general offices and departmental purposes may be classed as Miscellaneous. When the general office is in the power plant, the land shall be considered power plant land.

Riparian or water rights shall be considered hydro-electric power plant land, in case the water rights are purchased with the land.

(*a*) Steam Power Plant Land.
(*b*) Hydro-Electric Power Plant Land.
(*c*) Transmission, Distribution and Storage System Land.
(*d*) General Office Land.
(*e*) Miscellaneous Land Devoted to Electric Operations.
  (1) Stores Department Land.
  (2) General Shop Land.
  (3) Garage Land, etc.

E112. Rights of Way.

This account shall include the cost of all rights of way used and useful in electric operations, including rights of way for transmission and distribution lines.

This account shall not include payments made periodically under lease.

If, however, the rights acquired represent a susbtantial sum and cover a limited term of life, the cost may be charged to this account and during each year a suitable amount be credited to an appropriate reserve which reserve will equal the amount involved, when such rights expire.

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E113. Structures.

This account shall include all permanent buildings and structures to house, support or safeguard property or persons, with all appurtenant fixtures and improvements.

Buildings include the cost of all fixtures attached to and forming a permanent part thereof, such as water pipes and fixtures; steam pipes and fixtures for heating and ventilating; gas pipes and fixtures for lighting, etc.; electric wiring and fixtures for lighting, signaling, etc.; elevators, cranes and hoists and the motive power for operating them; storage batteries and electric generators with their prime movers specially provided for building service; conduits used for any purpose, which form a part of the building, and subways or areaways directly connected to and forming a part of the building. This account shall also include the cost of reservoirs for boiler or condenser water and intake or discharge water pipes and tunnels, cost of excavations, brick or concrete chimneys, and such piers and foundations for machinery and apparatus as are designed to be as permanent as the buildings and independent of their use in connection with any particular units of equipment. Charge also the cost of architect's plans and of superintendence of construction.

Improvements to structures include yard lighting systems, docks and waterfront improvements, railroad tracks, tramways and trestles, and any other permanent structures which are an improvement to the property.

NOTE A. — When furnaces and boilers are used primarily for furnishing steam for some particular department, and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers should be charged to the appropriate departmental investment account, and no part to this account.

NOTE B. — The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

NOTE C. — This account should not include any charges for lighting, heating or other fixtures temporarily attached for purposes of display or demonstration.

NOTE D. — Where the structure of a dam forms also the foundation of the power plant buildings, this structure should be considered a part of the dam.

This account may be subdivided as follows, and, so far as practicable, records of the cost of structures devoted to electric operations should be kept in the detail indicated. Structures used both for general offices and departmental purposes may be classed as Miscellaneous. When the general office is in the power plant, the building shall be considered a power plant structure.

(*a*) Steam Power Plant Structures.
(*b*) Hydro-Electric Power Plant Structures.
(*c*) Transmission, Distribution and Storage System Structures.
(*d*) General Office Structures.
(*e*) Miscellaneous Structures Devoted to Electric Operations.
  (1) Stores Department Structures.
  (2) General Shop Structures.
  (3) Garage Structures, etc.

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Generating Plant — Steam.

E114. Boiler Plant Equipment.

This account shall include the cost of all furnaces, boilers and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also metal smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., superheaters, damper regulators, feed and hot water heaters and economizers, injectors, filters, air and general service pipes, feed pumps, blower engines, coal conveyors, ash conveyors, steam traps, drains and separators, and pipes for conducting steam from the boiler to the engine, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings; the cost of such pipes shall be included in that of the buildings in which they are located.

E115. Prime Movers and Auxiliaries.

This account shall include the cost of all steam engines whether reciprocating or rotary. This covers the specially provided foundations and settings of such engines. The engine includes the throttle or inlet valve and the governor. This account shall also include the cost of condensers, cooling towers, air and circulating pumps and lubricating system, but not the steam pipe leading from the boiler, nor the exhaust pipe.

NOTE. — Where the electric rotor is mounted on the engine shaft, the shaft is a part of the steam engine and the electric rotor is part of the electrical equipment.

E116. Turbo-Generator Units.

This account shall include the cost of steam turbine-driven generator units when the generator and prime mover are purchased as a unit and not separately. This covers specially provided foundations and settings of such units; also condensers, air and circulating systems, etc., but not the steam pipe leading from the boiler, nor the exhaust pipe.

E117. Electric Plant — Steam.

This account shall include the cost of all electric generating apparatus, motor-driven exciter sets, rotaries, transformers, etc., used primarily in connection with the generation of electric energy by steam power and its delivery from the generating station. This covers the specially provided foundations and the installation of such equipment, switchboards, circuit breakers, switches, instruments,

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conductors and other electrical apparatus connected thereto; and generator cooling and air washing apparatus, including blowers and ducts.

NOTE A. — When the electric rotor of such apparatus is mounted on the shaft of the prime mover the rotor is to be included herein, but not the shaft. Belts, countershafts and other like appliances intermediary between such prime movers and the generators are to be excluded herefrom and charged to account No. 118, "Miscellaneous Power Plant Equipment — Steam."

NOTE B. — This account does not include steam turbo-generator units the cost of which shall be chargeable to the next preceding account (E116).

E118. Miscellaneous Power Plant Equipment — Steam.

This account shall include the cost of all steam power plant equipment not includible in any of the preceding accounts, such as cranes, hoists, machine tools, belts, pulleys, hangers, safety appliances and other miscellaneous power plant equipment.

Generating Plant — Hydro-Electric.

E119. Reservoirs, Dams, Canals and Waterways.

This account shall include the cost of all reservoirs, dams, canals and waterways devoted to the production of hydraulic power and the delivery of water to the head gate of the water wheels or turbines. Also include the cost of wasteways from the outlet of the draft tube to the point of final discharge, including the cost of all gates, valves and other accessories, sluices, forebays, etc., in the development of the water power and all necessary canals and aqueducts.

This account shall also include the cost of water rights, rights of pondage, flowage and submersion, but not including the cost of land.

E120. Water Turbines and Water Wheels.

This account shall include the cost of all turbine and water wheels devoted to the generation of electric energy, their foundations, settings, governors and all apparatus appurtenant thereto from the head gates and governors to wasteways.

E121. Electric Plant — Hydro.

This account shall include the cost of all electrical generating apparatus, including rotaries, motor generator sets, exciters, etc., their specially provided foundations and installation thereof; also switchboards, circuit breakers, switches, meters, head-gate motors and other electrical apparatus.

NOTE. — When the electric rotor of such apparatus is mounted on the shaft of the prime mover the rotor is to be included herein, but not the shaft. Belts, countershafts and other like intermediary between such prime movers and the generators are to be excluded herefrom and charged to account No. 122, "Miscellaneous Power Plant Equipment — Hydro."

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E122. Miscellaneous Power Plant Equipment — Hydro.

Charge to this account the cost of all equipment not includible in any of the foregoing accounts, including pulleys, belts, hangers, countershafts, pumps, cranes, hoists, tools and other like apparatus.

Transmission, Distribution and Storage.

E123. Transformer Station and Substation Equipment.

This account shall include the cost of all transformer station and substation equipment, including transformers, whether indoor or outdoor type, frequency changers, motor generators, rotary converters with their exciters, switchboards, current regulators, wiring, cooling apparatus, lightning arrestors and other equipment. Such equipment includes not only electrical machinery and apparatus, but all furniture and equipment, such as furnaces, boilers, stoves, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto; nor does it include tools temporarily assigned to such stations.

E124. Storage Batteries and Equipment.

This account shall include the cost of all storage batteries and storage battery equipment, including all battery elements and accessory apparatus connected therewith.

(This account does not include small storage batteries used in connection with equipment included in other accounts, but only such as are used for storing current for use in the distribution system.)

E125. Poles, Fixtures and Overhead Conductors.

This account shall include the cost of poles and fixtures used for the purposes of transmission and distribution systems, including the cost of all towers, poles, crossarms, insulator pins, braces, brackets, and other pole fixtures and appliances, guys and other tower and pole supports.

This account shall also include the cost of all cables, wires, insulators and devices installed on poles or other overhead fixtures and used for transmission and distribution purposes, including wires to the first point of attachment on the customer's premises.

When a company owns a joint interest in any poles and fixtures includible in this account, the amount representing the cost of such interest shall be carried in a subaccount hereunder. This applies only to actual joint ownership and not to payments made for the right to use the property.

E126. Underground Conduits.

This account shall include the cost of all conduits required for underground cables, including manholes, ducts and pipes, cable supports and appurtenances, sewer connections, sewer traps and all material necessary for the completion of the underground conduit system devoted to the protection of the transmission and distribution systems.

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E127. Underground Conductors.

This account shall include the cost of cables and wires installed and connected, used as trunk lines for the purpose of conveying electric current from the generating stations to the substations, also all cables and wires used in connection with the distributing system, including service connections.

E128. Consumers' Meters.

This account shall include the cost of all electric meters, current limiting devices, and appurtenances used in measuring or determining electric energy delivered to consumers, whether in actual service or which are to be installed on the premises of new customers; or are to be used to replace meters and appliances temporarily removed from service on account of needed repairs, etc.

This account shall not be charged with a number of meters in excess of the number in service and those reasonably held for future use.

E129. Consumers' Meter Installation.

The cost, including labor and material, of the first setting of meters for determining the amount of electric energy delivered upon the premises of the consumer, shall, unless charged directly to operating expense accounts, be charged to this account.

When any meter service is permanently discontinued, this account shall be credited with an amount representing the average installation cost of a consumer's meter.

E130. Line Transformers.

This account shall include the original cost of all transformers owned by the utility, whether in actual service on the premises of the consumer or on poles or supports adjacent thereto, or which are to be installed upon the premises of new customers, or are to be used to replace transformers temporarily removed from the line on account of needed repairs, or because they have become inadequate on account of increased requirements. This account must not be charged with a number of transformers in excess of the number in service and those reasonably held for future use.

E131. Transformer Installation.

The cost of labor and material and incidental expenses required for the original installation of line transformers shall, unless charged directly to operating expense accounts, be charged to this account.

When any line transformer service is permanently discontinued, this account shall be credited with an amount representing the average installation cost of a line transformer.

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Utilization Equipment.

E132. Street Lighting Equipment.

This account shall include the cost to the accounting company of all lighting equipment operated and maintained under the contract for public lighting entered into with the municipality. This will include public arc and incandescent lamps and their suspension devices; also ornamental lamp posts and fixtures for public incandescent lamps, including the lamps. This account does not include the circuits, nor poles and fixtures supporting the circuits.

If the company has an investment in street lighting equipment operated and maintained under a contract with a public body or organization other than a municipality, such equipment shall be included in this account under a subhead.

E133. Consumers' Premises Equipment.

This account shall include the cost of all property of the company on consumers' premises (except meters, service connections and transformers) loaned, rented or leased to consumers for the utilization of electric energy. This includes such items as lamps, motors, electric heaters, fans, signs and other appliances.

The cost of the first installation of lamps and all other equipment installed on consumers' premises, in case it is the policy of the company to capitalize the cost of such settings and installations, shall, unless charged directly to operating expense accounts, be charged to this account.

Undistributed Expenditures During Construction.

E134. Engineering and Superintendence.

This account shall include expenditures for services of engineers, draftsmen and superintendents, employed on preliminary and construction work when such expenditures cannot be satisfactorily assigned to specific construction accounts; also expenses incidental to engineering and superintendence when not assignable to other accounts.

NOTE A. — Expenditures in connection with tentative or preliminary surveys and tests shall be carried in a suspense account under account No. 218, "Other Unadjusted Debits," until it is determined whether or not the work will be continued. If the project is continued, such expenditures shall then be transferred to the appropriate plant investment account (or to this account if it cannot be assigned to the appropriate account). If the project is abandoned, the expenditures, or such portion as not chargeable to operating expenses, shall be charged to profit and loss accounts.

NOTE B. — Entries of charges to this account shall clearly indicate the property in connection with which such charges are made, and upon permanent retirement of any property with respect to which any charge is carried in this account, there shall be credited to this account an amount equal to such charge.

E135. Law Expenditures During Construction.

This account shall include general expenditures of the following nature incurred in connection with the construction of an electrical plant, — namely, the

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pay and expenses of all counsel, solicitors and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged and not to this account. Expenditures in connection with the acquisition of right of way or other land should be charged to account No. 111, "Land." Law expenditures in connection with the organization of the company should be charged to account No. 101, "Organization."

E136. Interest During Construction.

When any bonds, notes or other evidences of indebtedness are sold, or any interest-bearing debt is incurred, for acquisition or construction of plant and equipment, the interest accruing on the part of the debt representing the cost of property chargeable to plant accounts (less interest, if any, allowed on unexpended balances), after such fund becomes available for use and before the receipt of the completion or coming into service of the property so acquired, shall be included in this account.

When such securities are sold at a premium the proportion of such premium assignable to the time between date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for service shall be credited to this account.

This account shall include also such proportion of the discount and expense on long-term debt issued for construction purposes as is equitably assigned to the period between the date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for the service for which it is intended. The proportion of discount and expense thus chargeable shall be determined by the ratio between the period prior to the completion or coming into service of the facilities or improvements acquired or constructed and the period of the entire life of the securities issued.

This account shall also include reasonable charges for interest during the construction period on the accounting company's own funds used temporarily during such period for construction purposes.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged and not to this account.

NOTE. — If any securities issued or assumed by the accounting company are sold or exchanged by or for that company for a consideration, the actual money value of which, at the time of such sale or exchange, is less than the value of the securities at par and the accrued interest thereon, if any, the difference between the money value of the consideration received and the par value of the securities, plus the accrued interest, shall be deemed discount, and in no case (except as provided in the third paragraph of this account) shall discount be included as part of the cost of anything charged in any plant investment account prescribed in this classification.

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E137. Accidents and Damages During Construction.

This account shall include all expenditures incident to accidents to persons or damages to property of others when caused directly in connection with construction of electric plant and equipment. This covers fees and proportion of salaries and expenses of physicians and surgeons; compensation insurance; nursing and hospital attendance; medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payment to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees, court costs and amount of final judgments.

When any of the expenditures above enumerated can be charged directly to the account for which incurred they should be so charged and not to this account.

E138. Taxes During Construction.

This account shall include all taxes and assessments levied and paid or chargeable on property belonging to the accounting company while such property is under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewering, curbing, guttering, paving sidewalks, etc., which should be charged to the account to which the property benefited is charged.

Whenever any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged and not to this account.

E139. Miscellaneous Expenditures During Construction.

All expenses directly incurred in connection with the construction or acquisition of property classable as plant equipment, which cannot properly be included in any other construction account in this classification, shall, unless charged directly to operating expense accounts, be charged to this account.

General Equipment.

E150. Office Equipment.

The cost of all permanent equipment in offices, such as desks, chairs, tables, safes, filing cases, drafting-room equipment, typewriters, legal and technical books, mechanical office devices and all movable furniture, shall, unless charged directly to operating expense accounts, be charged to this account.

E151. Shop Equipment.

The cost of equipment especially provided for shops, including such shop equipment as machine tools, cranes, hoists, shafting, belts, power apparatus for operating machinery and all miscellaneous shop equipment, shall, unless charged directly to operating expense accounts, be charged to this account.

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E152. Stores Equipment.

The cost of all equipment of general store structures, such as movable shelving and counters, carts, barrows, trucks and other apparatus and appliances used in handling materials and supplies, including loading and unloading machinery, derricks, cranes, hoists, conveying apparatus and items of similar nature, shall, unless charged directly to operating expense accounts, be charged to this account.

E153. Transportation Equipment.

The cost of the transportation equipment used by the utility, such as horses, wagons, drays, trucks, harnesses, automobiles, motorcycles, bicycles and similar equipment, shall, unless charged directly to operating expense accounts, be charged to this account; also apparatus especially provided for repairing stable and garage equipment.

E154. Laboratory Equipment.

The cost of all testing apparatus and laboratory equipment not elsewhere provided for shall, unless charged directly to operating expense accounts, be charged to this account.

This account should not include such instruments as are permanently assigned to generating stations and substations.

E155. Miscellaneous Equipment.

The cost of all tools and implements not elsewhere provided for, such as construction equipment, including boilers, engines, motors, hoists, concrete mixers and distributing apparatus, pumps, air compressors, riveters, lathes, power saws, pipe machines, forges, steam hammers, pile drivers, steam shovels, industrial track and cars, etc., and any equipment of a permanent nature which cannot properly be charged to any of the foregoing accounts, shall, unless charged directly to operating expense accounts, be charged to this account.

NOTE. — The cost of small portable tools and implements, such as hammers, saws, wrenches, files, jacks, wire cutters, etc., shall not be charged to this account. Such items shall be carried in account No. 209, "Materials and Supplies," until issued for use, when Materials and Supplies shall be credited and the appropriate work order or other account charged with the cost of the tools or implements so issued. The cost of maintaining tools and implements shall be charged to the expenses of the department to which they are assigned.

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INSTRUCTIONS PERTAINING TO INCOME STATEMENT.

Definition.

The income statement brings together the accounts which are designed to show the amount of money that a utility received or becomes entitled to receive during any period for services rendered, for products and merchandise sold, and from investments; the costs paid or payable, incurred in operating and furnishing its service, losses sustained by it, taxes accrued, interest on loans, and rental for the use of property of others.

The total of the credit balances in the operating revenue accounts at the close of the period for which the accounts are stated (accounts Nos. G-E 501–509) diminished by the total of the balances in the operating expense accounts (accounts Nos. G-E 601–680) gives the *net operating revenues* (*or loss*). The net operating revenues (or loss) diminished by the amount of *uncollectible bills* and *taxes assignable to* operations, gives the *net operating income* (*or loss*). To the net operating income is added *the non-operating income*, which gives the amount of the gross income. The gross income diminished by the sum of the balances in the accounts classified as *deductions from gross income* gives the *net income* (*or loss*), which is carried to Profit and Loss.

Where the title and definition of an income account clearly indicate that it is a summary of other accounts, it is not required that a special ledger account shall be kept under such a title to include the balances from the accounts usually carried in the ledger, but in such cases the titles of the subaccounts in the ledger shall give a reference by number or title, or both, to the account prescribed herein of which they are subdivisions.

In the event that the accounting company operates both a gas and an electric utility, the non-operating revenues and the non-operating expenses shall be apportioned on the basis of the respective gross operating revenues, provided the company is unable to distribute the income or expense more definitely.

Delayed Items.

Delayed items are items representing transactions which occurred before the current year but for some reason were not taken into the accounts during the year in which the transaction actually occurred. All such items should be included in the revenues or expenses of the current year unless the items are relatively so large that their inclusion in the accounts of a single year would seriously distort the accounts for that year; in which case application should be made to the Commission for a special ruling.

The company shall file in its application to the Commission the full particulars concerning each item and the reasons which in its judgment indicate the need for a special accounting ruling.

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TEXT PERTAINING TO INCOME ACCOUNTS — GAS-ELECTRIC.

Operating Income.

G500. Gas Operating Revenues.

Under this head shall be shown the total revenues derived from gas operations, as shown in accounts provided in the classification of gas operating revenues, for the period covered by the income statement. (For primary operating revenue accounts see accounts Nos. G501–509, inclusive.)

E500. Electric Operating Revenues.

Under this head shall be shown the total revenues derived from electric operations, as shown in the accounts provided in the classification of electric operating revenues, for the period covered by the income statement. (For primary operating revenue accounts see accounts Nos. E501–509, inclusive.)

G600. Gas Operating Expenses.

Under this head shall be shown the total expenses of the gas operations of the utility, as shown in the accounts provided in the classification of gas operating expenses, for the period covered by the income statement. (For primary operating expense accounts see accounts Nos. G601–680, inclusive.)

E600. Electric Operating Expenses.

Under this head shall be shown the total operating expenses of the electric operations of the utility, as shown in the accounts provided in the classification of electric operating expenses, for the period covered by the income statement. (For primary operating expense accounts see accounts Nos. E601-680, inclusive.)

G-E550. Uncollectible Operating Revenues.

This account shall include the amount of bills for gas or electric service which have proved impracticable of collection. This includes all uncollectible bills for amounts which have been treated as operating revenues, whether the bills were contracted during the period under consideration or during a previous period.

Operating Revenue accounts which have been written off and afterwards collected shall upon collection be credited to this account.

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In case the accounting company desires to equalize the monthly charges on account of uncollectible bills, it may create a reserve account to which shall be charged the amount of the bills canceled. This reserve shall be estimated on the basis of past experience, and shall contain only a sufficient amount to offset the uncollectible bills charged during the year. In case there is a credit balance in the reserve account at the end of the fiscal period, the account must be adjusted so that no balance shall appear in the account when the books are finally closed.

NOTE. — All uncollectible bills which have not been treated as operating revenue should be charged to the account which was originally credited.

G-E551. Taxes Assignable to Gas or Electric Operations.

This account shall include the amount of taxes applicable to the operations of the accounting company during the period for which the income account is stated.

In case the utility produces both gas and electricity, separate accounts shall be kept of the taxes applicable to the respective operations, as well as to non-operating revenues, if the accounting company has such other operations or non-operating revenues. When taxes are levied upon property used in two different classes of operations they shall be apportioned as follows: —

Corporation taxes and taxes levied upon physical property shall be apportioned on the basis of the respective properties at their book values, provided the amount applicable to each class is definitely known. In case the amount to be apportioned is not definitely known the total amount of the levy should be apportioned by the accounting company on some fair basis between the two classes of operations. In the annual report to the Department the basis of such apportionment shall be stated.

This account shall also include the taxes levied upon the gross operating revenue to cover the yearly expenses of the Department.

All other taxes, except those which can be definitely allocated, shall be apportioned on the basis of the respective net operating income.

The tax accounts shall be charged at regular intervals, and the Tax Liability account concurrently credited with the period's proportion of taxes applicable to the operations covered by each account. If the exact amounts of the annual taxes are not known, they shall be estimated, and a due share of the estimated amounts shall be charged for each accounting period. From time to time during the year, as the actual tax levies become known, the periodic charges shall be adjusted so as to include as nearly as possible the total amount of the taxes in the period to which they apply.

NOTE A. — Taxes pertaining to non-utility operations shall be charged to account No. 562, "Miscellaneous Rent Income."

NOTE B. — Special assessments for street and other improvements, such as grading, sewers, gutters, paving and sidewalks, shall be charged to the account to which was charged the property effected in the classification for plant investment. Taxes accruing on property prior to the date when available for operation should be charged to the account in the classification for plant and equipment to which the original property was charged.

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Non-Operating Income.

G-E560. Merchandise and Jobbing Revenue.

This account shall include the revenue derived from the sale of merchandise and appliances; also revenue for piping and wiring, installations and repair work chargeable to the customer.

Credit to this account the gross amounts received from or billed to the customer.

Charge to this account the cost of all merchandise sold, including advertising and incidental expenses in connection therewith, and the cost of all labor and materials used in connection with work, the revenues from which are included in this account. It shall also include the rent paid to outside parties for stores or warehouses used in connection with the sale of merchandise. In case the salesrooms are located in buildings owned by the accounting company, a suitable charge shall be made for the use of the space occupied, and the amount so charged shall be concurrently credited to account No. 508, "Rent from Property Used in Operation."

Utilities desiring to do so may raise subaccounts to show separately the amount of revenue derived from merchandise sales and the amount derived from job work, and may make such further subdivisions as desired.

G561. Rent from Gas Appliances.

This account shall include the revenues accrued from the renting to others of gas, power, heating and lighting appliances, including gas engines, stoves, ranges, heaters and other gas property of a similar character. To this account shall be charged the cost of all labor and material incident to the installation, removal, resetting and maintenance of such rented property.

E561. Rent from Electrical Appliances.

This account shall include all revenues accrued from the renting to others of electric power, heating and lighting appliances, including motors, fans, lamps, meters, etc. To this account shall be charged the cost of all labor and material incident to the installation, removal, resetting and maintenance of such rented property.

G-E562. Miscellaneous Rent Income.

This account shall include such rents of property owned and controlled by the accounting utility as are not provided for elsewhere.

Charge to this account the cost of maintenance of the property rented, and all incidental expenses in connection therewith, including taxes.

NOTE. — If the expenses of the property leased cannot be separated from the expenses of property used in the company's operations, the rents shall be credited to revenue account No. 508, "Rent from Property Used in Operation."

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G-E563. Interest and Dividend Income.

This account shall include the interest accruing to the accounting company upon the securities of other companies and upon securities of national, state and municipal governments. It shall also include interest on notes and other evidences of indebtedness, interest on bank balances and on open accounts and other analogous items. Interest accrued shall not be credited to this account unless its payment is reasonably assured; in other cases, credits to this account shall be based upon the interest actually collected.

This account shall also include revenues derived by the accounting company from dividends on stocks of other companies owned by it. Accruals of guaranteed dividends may be included in this account if their payment is reasonably assured.

NOTE A. — No interest or dividends upon reacquired securities shall be credited to this account.

NOTE B. — Interest or dividends accrued on securities of other companies held in sinking or other special funds shall not be credited to this account, but to account No. G-E564, "Income from Sinking and Other Reserve Funds."

G-E564. Income from Sinking and Other Reserve Funds.

This account shall include the income accrued on cash, securities (other than securities issued or assumed by the accounting company) and other assets held in sinking and other reserve funds.

The amount to be shown in the income statement is the net amount after deducting incidental expenses.

At the option of the accounting company there may be included each year in this account the portion, applicable to the fiscal period, of the amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the discount or premium on funded securities of other companies held in sinking or other reserve funds.

NOTE. — When the income accruing on the cash or other assets held in sinking fund or other reserve fund is required to be retained therein, the amount of such income will be concurrently charged to account No. 413, "Surplus Applied to Sinking Fund and Other Reserves," and credited to the appropriate balance sheet reserve account.

G-E565. Amortization of Premium on Bonds.

This account may include during each fiscal period such proportion of the premium on outstanding bonds as may be applicable to the period; or the utility may defer the extinguishment of such premium until the maturity of the obligation represented.

NOTE. — The amount credited to this account shall be concurrently charged to the account in which the premium is carried.

G-E566. Miscellaneous Non-operating Income.

This account shall include all items of income accruing to the accounting utility not provided for elsewhere.

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Deductions from Gross Income.

G-E575. Miscellaneous Rents.

This account shall include all rents payable by the accounting company for property held under lease or agreement and not provided for elsewhere.

G-E576. Interest on Bonds and Coupon Notes.

This account shall include the current accruals of interest on all classes of Bonds or Coupon Notes as defined in balance sheet accounts No. 305, "Bonds," and No. 306, "Coupon Notes," issued or assumed by the accounting company.

This account shall not include interest on securities of the accounting company held in its treasury or pledged as collateral.

G-E577. Miscellaneous Interest Deductions.

This account shall include interest accrued on unfunded debt, such as notes payable on demand or notes issued for a specified period, interest on matured securities and open accounts; and other analogous items, including discount on notes payable.

G-E578. Amortization of Discount.

This account shall be charged at regular accounting intervals with that proportion of the unamortized discount and expense on outstanding bonds or coupon notes, which is applicable to the period. The proportion is to be determined according to a rule, the uniform application of which, during the interval between the issue and the date of maturity, will completely amortize or wipe out the discount at which such bonds were issued and the expense connected therewith. Such charges to this account shall not be greater nor less than the amount applicable to the period, so long as any portion of the discount and expense remains unextinguished. All or any portion of the discount and expense remaining at any time unextinguished may, at the option of the utility, be charged to account No. 416, "Discount on Bonds Extinguished through Surplus."

G-E579. Miscellaneous Deductions from Income.

This account shall include all items not provided for elsewhere and properly chargeable to Income account. Such deductions should not include any appropriations or dispositions of income that rest solely in the discretion of the accounting company.

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INSTRUCTIONS PERTAINING TO PROFIT AND LOSS ACCOUNTS.

Profit and Loss accounts are those designed to show the changes in the corporate surplus or deficit as affected during each fiscal period by the operations and business transactions during that period, by appropriations of surplus made at the option of the utility, by accounting adjustments not properly attributable to the period as defined in the text of the Profit and Loss accounts, and to show also the unappropriated surplus of the utility at the date of the balance sheet.

Delayed Items.

Delayed items are items representing transactions which occurred before the current year but for some reason were not taken into the accounts during the year in which the transaction actually occurred. All such items should be included in the revenues or expenses of the current year unless the items are relatively so large that their inclusion in the accounts of a single year would seriously distort the accounts for that year; in which case application should be made to the Commission for a special ruling.

The company shall file in its application to the Commission the full particulars concerning each item and the reasons which in its judgment indicate the need for a special accounting ruling.

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TEXT PERTAINING TO PROFIT AND LOSS ACCOUNTS.

Credits.

401. Credit Balance at Beginning of Fiscal Period.

This account shall include the net credit balance in the Profit and Loss account at the beginning of the fiscal period.

402. Credit Balance Transferred from Income Account.

This account shall include the net income for the fiscal period brought forward from the Income account. If the balance in the Income account is a loss it shall be shown in account No. 412, "Debit Balance Transferred from Income Account," and not in this account.

403. Miscellaneous Credits.

This account shall include amounts, not provided for elsewhere, transferred from other accounts to surplus, and amounts representing increases of resources not properly assignable to the income accounts of the fiscal period for which the accounts are stated. Among the items includible in this account are the following: —

Adjustments or cancellations of balance sheet accounts.

Profit derived from the sale of investment securities.

Credits resulting from adjustments required to bring to par, securities issued or assumed by the accounting company and reacquired at a cost less than the par value.

Premium on capital stock at the time of its reacquirement.

Unreleased premium on bonds at maturity when the extinguishment of premium has been deferred until the maturity of the bonds instead of being extinguished through periodic credits to Income account.

Collection of old accounts (other than revenue accounts) previously written off.

Revenue accounts charged to account No. 550. "Uncollectible Operating Revenues," and later collected, shall upon collection be credited to the account which was originally charged when the amount in question was written off, and not to Profit and Loss.

Debits.

411. Debit Balance at Beginning of Fiscal Period.

This account shall include the net debit balance in the Profit and Loss account at the beginning of the fiscal period.

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412. Debit Balance Transferred from Income Account.

This account shall include the net loss for the fiscal period brought forward from the Income account.

413. Surplus Applied to Sinking Fund and Other Reserves.

This account shall include appropriations of surplus for sinking fund and other reserves; also allotments of surplus or payments of definite amounts from surplus into sinking fund and other reserves under terms of mortgages, deeds of trust, or other contracts that provide for such payments, and accretions to such funds representing interest or other returns on the assets carried therein.

NOTE. — The amounts charged to this account shall be concurrently credited to balance sheet account No. 321, "Sinking Fund Reserves," or account No. 322, "Miscellaneous Fund Reserves."

414. Dividend Appropriations of Surplus.

This account shall include amounts declared payable as dividends on actually outstanding capital stock issued or assumed by the accounting company.

This account shall be subdivided so as to show separately the dividends on the various classes of capital stock.

NOTE. — This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether held in the treasury, in special deposits, or pledged as collateral.

415. Appropriations of Surplus for Depreciation.

This account shall include monthly or periodic charges of the amount estimated to be necessary to provide for the retirement of property no longer used or useful in the conduct of the company's business, and for losses in value due to wear and tear not covered by current repairs.

The amount charged to this account shall be concurrently credited to balance sheet account No. 319, "Depreciation Reserve."

NOTE. — A Depreciation Reserve may be created either by charges made to Profit and Loss account No. 415, "Appropriations of Surplus for Depreciation," or to Operating Expense account No. 678, "Depreciation," or to both.

416. Discount on Bonds Extinguished through Surplus.

This account shall include appropriations made, at the option of the accounting utility, to reduce or extinguish the discount and expense on bonds carried in balance sheet account No. 216, "Discount on Bonds."

(See Income account No. 578, "Amortization of Discount.")

417. Other Deductions from Surplus.

This account shall include amounts not provided for elsewhere chargeable to Surplus account from other accounts; amounts written off in consequence of adjustments, and payments not properly chargeable to the Income accounts of

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the fiscal period for which the accounts are stated. Among the items includible in this account are the following: —

Adjustments or cancellations of balance sheet accounts.

Losses resulting from the sale of investment securities.

Losses resulting from the sale of property below the amount at which such property stands charged in the plant or other asset accounts.

Debits resulting from adjustments required to bring to par, securities issued or assumed by the accounting company and reacquired at a cost exceeding the par value.

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INSTRUCTIONS PERTAINING TO OPERATING REVENUE ACCOUNTS.

1. Operating Revenues Defined.

By operating revenues are meant all amounts of money which the utility receives or becomes lawfully entitled to recover for services rendered, products and merchandise sold and for return on property used by it in its own operations.

No credit shall be made to any revenue account for gas or electric energy or any by-product used by the utility in its operation or in the operations of a coordinate department of the same company. Proper adjustment of such items is provided for in the operating expense accounts.

No charge shall be made to revenue accounts for commissions paid for collecting or for other items of expense, these being provided for in the classification for operating expenses.

2. Discount for Prompt Payment of Consumers' Bills.

Where it is the custom of the utility to grant a discount from the gross bill when payment is made on or before a prescribed date, or to add a penalty to the bill when payment is not made on or before a prescribed date, such discounts or penalties shall be charged or credited to the accounts credited with the revenue to which the discounts or penalties relate.

Utilities so desiring may open subaccounts to show separately the discount and penalty items.

3. Corrections in Revenue Accounts.

Corrections of overcharges, undercharges, authorized refunds and other corrections shall be charged or credited to the revenue account to which they relate.

4. Minimum Bills.

When it is the custom of the company to charge a minimum amount when the consumption during the month is less than a prescribed amount, the total of such minimum charges on each class of service shall be credited to the appropriate revenue account or its subaccount.

Companies desiring to do so may open subaccounts to show separately the revenue derived from minimum bills.

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TEXT PERTAINING TO OPERATING REVENUE ACCOUNTS — GAS.

Revenues from Sale of Gas.

G501. Metered Sales to General Consumers.

This account shall include all revenue received from the sale of gas through ordinary meters for residential, commercial and industrial purposes where the total receipt is dependent upon quantity of gas supplied.

NOTE. — This account may be subdivided to show the sales of gas for residential, commercial and industrial purposes, by tariff schedules or otherwise.

G502. Flat-rate Sales to General Consumers.

This account shall include all revenues received from the sale of gas at flat rates per year, per night, per hour, or other time unit, or on any basis independent of the quantity of gas supplied.

NOTE. — This account may be subdivided to show the sales of gas for residential, commercial and industrial purposes, by tariff schedules or otherwise.

G503. Prepaid Gas Sales.

This account shall include all revenues derived from the sale of gas delivered through so-called "prepayment meters."

G504. Sales to Other Gas Companies.

This account shall include all revenues derived from gas sold to other gas companies to be by them distributed through their own mains to consumers. If any portion of such gas is incidentally consumed by such companies, whether for light, heat or power, it should be included herein if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

G505. Municipal Street Lighting.

This account shall include all revenues derived from gas supplied to municipal corporations for street lighting purposes.

NOTE. — In the foregoing account the word "streets" is to be interpreted to include parks, plazas, private ways and public places not classified as buildings.

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G506. Miscellaneous Gas Revenues.

This account shall include all revenues from gas operations not properly includible in any of the preceding accounts.

Revenues from Miscellaneous Gas Operations.

G507. Steam Sales Revenue.

This account shall include all revenues derived from the sale of steam to others.

This account shall not include any credits for steam supplied to other utility departments of the accounting company, the accounting for such items being provided for in the Operating Expense account No. G625, "Production Expense Transferred — Credit."

G508. Rent from Property used in Operation.

This account shall include rents received for the use by others of buildings, land and other property devoted to gas operations of the accounting company, including the rental of pipe lines used for the transmission of gas. This covers such matters as rent from the joint use of office buildings; also rent of buildings used as salesrooms.

When the utility engages in gas operations for the production of some of its products for the benefit of another, or others, under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants, if such arrangement provides for the receipt by the utility of any profit or return upon its property, such profit or return shall, as it accrues, be credited to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

G509. Miscellaneous Operating Revenues.

This account shall include revenues derived from gas operations which are not includible in any of the foregoing revenue accounts. This covers such items as rentals for meters used for specific purposes and profit on the sale of materials and supplies not ordinarily purchased for resale.

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TEXT PERTAINING TO OPERATING REVENUE ACCOUNTS — ELECTRIC.

Revenues from Sale of Electric Energy.

E501. Metered Sales to General Consumers.

This account shall include all revenues received for measured electric energy supplied for residential, commercial and industrial purposes where the total receipt is dependent upon the quantity of energy supplied, or the amount of energy called for at any one or more times.

NOTE. — This account may be subdivided to show the sales of electric energy for light and power used for residential, commercial and industrial purposes, by tariff schedules or otherwise.

E502. Flat-rate Sales to General Consumers.

This account shall include all revenues received for electric energy supplied at flat rates per year, per night, per hour, or other time unit, or on any basis independent of the quantity of current supplied.

NOTE. — This account may be subdivided to show the sales of electric energy for light and power used for residential, commercial and industrial purposes, by tariff schedules or otherwise.

E503. Sales to Railroad and Railway Companies.

This account shall include all revenues derived from sales of electric energy to railroad or railway companies for the propulsion of their cars. If such energy is incidentally used for other purposes, but the portion so used is not separately measured, the revenue therefrom shall be included in this account.

Revenues from the sales of current to railroad or railway companies at established tariff rates for lighting or heating stations, offices, etc., or for power in shops, shall not be credited to this account but to the appropriate commercial lighting or power account.

E504. Sales to Other Electrical Companies.

This account shall include all revenues derived from electrical energy sold to other electrical companies and municipal lighting plants, to be by them distributed over their own lines to consumers. If any portion of such energy is incidentally consumed by such companies for their own benefit, whether for light, heat or power, it should be included herein if not separately measured or if included under the same contract with that which is distributed by them to consumers.

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E505. Municipal Street Lighting.

This account shall include all revenues derived from lighting streets for municipal corporations by means of electrical energy, and for supplying commercial consumers at municipal street lighting rates.

NOTE. — In the foregoing account the word "streets" is to be interpreted to include parks, plazas, private ways and public places not classified as buildings.

E506. Miscellaneous Electric Revenues.

This account shall include all revenues from sales of electric energy not properly includible in any of the preceding accounts.

Revenues from Miscellaneous Electric Operations.

E507. Steam Sales Revenue.

This account shall include all revenues derived from the sale of steam to others.

When heating plants are operated by the accounting company for the benefit of consumers of electricity, such plants being located in stores or office buildings, the cost of operating and maintaining such plants should be charged to this account.

In case the steam sold is generated at a central power station, the amount received for such steam shall be credited to Operating Expense account No. 635, "Production Expenses Transferred — Credit."

This account shall not include any credits for steam supplied to other utility departments of the accounting company, the accounting for such items being provided for in the operating expense accounts.

E508. Rent from Property Used in Operation.

This account shall include the rents received for the use of buildings, land and other property devoted to electric operations by the accounting company. This covers such matters as rent from pole attachments, rent from joint use of office buildings or substations, rent from land included with water rights, etc.; also rent of buildings used as salesrooms.

E509. Miscellaneous Operating Revenues.

This account shall include revenues derived from electric operations which are not includible in any of the foregoing revenue accounts. This covers such items as rentals of meters used for specific purposes and profit on the sale of materials and supplies not ordinarily purchased for resale.

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INSTRUCTIONS PERTAINING TO OPERATING EXPENSE ACCOUNTS.

1. Operating Expenses Defined.

The term *operating expenses* means such expenses as are necessary to the operation and maintenance of the property devoted to gas or electric operations and services incident thereto; the expenses of collecting revenues and general and miscellaneous expenses in connection therewith. In order that the operating expenses shall clearly reflect only the cost of rendering such service, all expenses incident to the operation of any other utility service performed, or of any transaction of a commercial nature, shall be excluded therefrom.

In the event that an accounting company operates both a gas and an electric utility, the operating expenses shall include all expenses wholly chargeable to either utility and an equitable portion of such general expense as is common to the operation of both utilities.

Unless otherwise ordered by the Department, "General and Miscellaneous" Operating Expenses shall be apportioned on the basis of the respective gross operating revenues, provided the company is unable to distribute the expenses more definitely.

2. Cost of Repairs.

The cost of repairs as defined in the various maintenance accounts shall include the cost of labor, materials and supplies, contract work, protection from casualties and other analogous items of expense in connection with the maintenance of items of plant involved. The items of cost here referred to are defined as follows: —

(*a*) *Cost of labor* shall be understood to cover not only wages paid to its employees for manual labor employed directly on the work, but also the compensation of all other persons directly or indirectly employed on the work whose compensation is not otherwise provided for.

(*b*) *Materials and supplies* shall be charged to operations on the basis of the actual cost thereof, including cost of transportation and inspection when specifically assignable. If materials and supplies pass through storerooms, the charges to operation may also include an equitable proportion of the store expenses.

(*c*) *Expenses* as used in the text of various accounts should be understood to mean all expenditures made or incurred which are chargeable to the accounts referred to, and which are not labor or materials and supplies. This will include contract work, assessments for maintenance, cost of privileges necessary in connection with work chargeable to operating expense accounts.

NOTE. — Hand tools, because of their liability to loss and theft and their rapid consumption in use, are to be considered as operating or construction supplies in the year in which they were used, and charged in the account for the benefit of which they were purchased.

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3. Depreciation.

Provision for the depreciation of plant shall be made by the creation of a reserve for the retirement of property no longer used or useful in the conduct of the company's business, and for losses in value due to wear and tear not covered by current repairs. Such reserve shall be created by charges to operating expenses or to profit and loss or to both, and the basis upon which such charges are determined, and the rules and expert opinions and estimates employed in such determination, shall from time to time, upon request, be furnished to the Department.

4. Purchased Gas.

All expenses in connection with purchased gas, up to the time the gas leaves the holder (exclusive of the cost of the gas), shall be charged to production expenses.

5. Delayed Items.

Delayed items are items representing transactions which occurred before the current year but for some reason were not taken into the accounts during the year in which the transaction actually occurred. All such items should be included in the revenues or expenses of the current year unless the items are relatively so large that their inclusion in the accounts of a single year would seriously distort the accounts for that year, in which case application should be made to the Commission for a special ruling.

The company shall file in its application to the Commission the full particulars concerning each item and the reasons which in its judgment indicate the need for a special accounting ruling.

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SCHEDULE OF OPERATING EXPENSE ACCOUNTS — GAS.

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TEXT PERTAINING TO OPERATING EXPENSE ACCOUNTS — GAS.

I. Production Expenses.

OPERATION.

G601. Superintendence.

This account shall include the salaries of superintendents and assistants, chemists, station clerks, general foremen, and also that portion of the salaries of the engineering staff chargeable to gas production.

G602. Boiler and Engine Room Labor.

This account shall include the cost of all labor incident to steam generation. Charge to this account the wages of engineers and helpers, boiler house foremen, firemen, helpers, shovelers, weighers, feed pump men, stokers, boiler room watchmen and janitors; also labor employed in blowing flues, cleaning boilers and handling coal and ashes. Exclude maintenance labor.

G603. Retort House Labor.

This account shall include the cost of all operating labor employed in handling coal from place of storage to retort house, weighing coal, firing benches, operating, drawing and charging machines, patching and scurfing retorts, cleaning pipes and lids, weighing and handling coke to the point where ordinarily placed when removed from the retort house, and all other labor engaged in the operation of benches and retorts and auxiliary equipment. Any further cost of handling coke will not be charged to this account. Exclude maintenance labor.

G604. Generator House Labor.

This account shall include the cost of labor employed in weighing and handling coal and coke from place of storage to charging floor, and in operating, firing, clinkering and cleaning generators. This includes such labor as that of shovelers, weighers, pumpers, generator firemen and runners.

G605. Purification Labor.

This account shall include the cost of all operating labor employed in purifying gas, including the labor employed in changing purifier boxes, revivifying oxide, removing spent oxide, operating exhausters, condensers, scrubbers, tar extractors and all other labor engaged in the operation of the purifying process. Exclude maintenance labor.

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G606. Miscellaneous Labor at Works.

This account shall include the wages of all employees in and about the works not specifically engaged in the manufacture of gas, such as that of watchmen, janitors and messengers, and general labor not chargeable to any of the foregoing production labor accounts. Exclude maintenance labor.

G607. Boiler Fuel.

This account shall include the cost of all fuel used for producing steam. Charges shall be based on the cost delivered at plant for storage, and include the invoice cost of fuel, freight, switching, demurrage, cost of unloading and cartage to point of delivery at plant, and cost of transferring fuel from one storage point to another.

G608. Water.

This account shall include the cost of water for boilers, steam condensers, cooling engines, quenching coke, and other production purposes. Such cost, when water is purchased, should be based on the contract price or meter rate.

There should also be charged to this account the cost of boiler compounds and chemicals used in purification and filtration of water for producing steam.

G609. Power from Other Sources.

This account shall include the cost to the accounting company of electric energy, steam, hydraulic power, power gas, etc., purchased or jointly produced for the purpose of furnishing motive power in the accounting company's gas works.

NOTE. — Electric energy purchased at established tariff rates from other companies for lighting offices, stations, etc., or other similar purposes connected with the operations of the accounting company, shall not be charged to this account, but to the appropriate departmental expense account.

G610. Fuel Under Retorts.

This account shall include the value of fuel used under retorts. If fuel is purchased, charges shall be based on the cost delivered at plant for storage, and include the invoice cost of fuel, freight, switching, demurrage, cost of unloading and cartage to point of delivery at plant, and cost of transferring fuel from one storage point to another.

NOTE. — For the basis upon which to charge this account for coke produced by the utility and used for fuel under retorts, see account No. 624, "Residuals Produced — Credit."

G611. Coal Carbonized.

This account shall include the cost (in storage pile) of gas coal used in retorts. This includes invoice cost of coal used, freight, demurrage charges, and labor and cartage employed in discharging and transferring coal from point of shipper's delivery to storage pile, and the cost of transferring gas coal from one storage point to another.

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G612. Generator Fuel.

This account shall include the cost (in storage pile) of fuel used in generators. This includes invoice cost of fuel used, freight, demurrage charges, and labor and cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

G613. Water Gas Oil.

This account shall include the cost (in storage tanks) of all gas oil used in making water gas. This includes the invoice cost of oil used, freight and demurrage charges, and labor and cartage employed in getting oil from point of shipper's delivery to storage tanks.

G614. Purification Supplies.

This account shall include the cost of material used in gas purification. This includes the average cost of oxide actually used (the invoice cost and freight, plus shavings, plus labor and cartage necessary to store it, plus the cost of mixing it) and the invoice cost of lime actually used.

G615. Miscellaneous Works Expense.

This account shall include the cost of sundry supplies and expenses used in connection with the works operations not chargeable to other accounts. This includes lubricating oil, waste and packing, and other small materials of like nature used in gas production; also incidental items such as stationery, water for general purposes, lighting, rents, telephone, ice, brooms, mops, kerosene, soap, towels, and similar expenses.

MAINTENANCE.

G616. Maintenance of Works and Station Structures.

This account shall include the cost of maintaining works and station structures, including permanent piers and other foundations. Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, relief holders, meter houses, coal sheds, coke sheds, coal towers, coke towers, tar houses, and wells, oil tanks and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and by-products; appurtenant walks, fences, drives, tramways, trestles, etc., and all other permanent structures at works; also all buildings, holder houses and other structures at outlying stations, except the holders and their appurtenances.

Repairs to foundations and settings prepared especially for certain units of equipment, and designed to last no longer than such units, shall be charged to the account to which is charged the maintenance of such equipment.

G617. Maintenance of Power Plant Equipment.

This account shall include the cost of maintaining all furnaces, boilers and boiler apparatus and accessories devoted to the production of steam for use at

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works. This includes boilers, boiler fittings and appliances; furnaces, economizers, mechanical stokers, superheaters, tubes, damper regulators, flues leading to smokestack and chimneys, metal smokestacks; also feedwater, coal and ash handling systems, feed pumps, blower engines, coal conveyor, trolley and cable tower, crusher and belt links, ash conveyor and all other machinery and apparatus located in the power plant.

This account shall also include the cost of maintaining engines, whether reciprocating, internal combustion, or rotary, devoted to use as prime movers in gas works. This covers the cost of maintaining apparatus auxiliary to the prime movers, including condensers, air and circulating pumps, wet vacuum, dry vacuum and oil systems. It shall also include the cost of maintaining all miscellaneous equipment at gas works and not otherwise provided for, such as belts, pulleys, hangers, countershafts and other apparatus intermediary between the prime movers and the apparatus operated, cranes, hoists, machine tools, etc.

NOTE. — This account may be subdivided in order to show the cost of maintenance of power plant equipment, and also the maintenance of engines and accessories.

G618. Maintenance of Benches and Retorts.

This account shall include the cost of all maintenance of benches. This covers the retorts and their settings and auxiliary piping, including ascension pipes and foul and hydraulic mains, apparatus for charging and discharging retorts, and all other apparatus used in connection with the operation.

G619. Maintenance of Water Gas Sets.

This account shall include the cost of maintaining all water gas generators and accessories devoted to the production of gas, specially provided foundations and settings for such water gas sets, and the flues leading therefrom to smoke stacks and chimneys. This covers not only generators, carburetors, superheaters, cells and piping connected therewith, but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes, the primary purpose of which is heating buildings.

G620. Maintenance of Purification Apparatus.

This account shall include the cost of maintaining apparatus used for purifying gas, including exhausters, condensers, scrubbers, tar extractors, purifier boxes, etc., and their specially provided foundations and settings.

G621. Maintenance of Holders.

This account shall include the cost of maintaining all gas holders at works used by producing companies for the storage of gas.

NOTE A. — In case the company purchases its entire supply of gas the cost of maintaining holders shall be charged to account G-635, Maintenance of Distribution Holders.

NOTE B. — Repairs of holder housings and relief holders should be charged to account No. 616, "Maintenance of Works and Station Structures."

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G622. Maintenance of Other Equipment at Works.

This account shall include the cost of maintaining such accessory equipment and apparatus used in the production and storage of gas not specifically provided for in the foregoing accounts. This also covers repairs of station meters, governors, etc.

G623. Purchased Gas.

This account shall include the cost at the point of delivery to the utility, of all gas purchased from other producing companies for distribution and resale.

G624. Residuals Produced — Credit.

This account shall include the value of all residuals produced in the manufacture of gas. Credits shall be given this account, and the appropriate Materials and Supplies account shall be charged at the close of each month for the value of residuals produced during the month. The value as here used for any class of residuals shall be the estimated market value per unit, less the cost (per unit) of handling, preparing for sale, selling expense, and the maintenance of any special equipment used in handling and preparing for sale.

For each residual produced an appropriate expense account shall be kept (such as Coke Stock Expense, Tar Stock Expense, Ammonia Stock Expense) to which shall be charged all labor, material and expenses incurred in handling and preparing the residuals for sale, including the maintenance of any equipment used. At the close of each month such expense account will be closed, and the appropriate residual stock account under Materials and Supplies debited with the amount thereof.

For each residual produced there shall be kept a sales account (such as Coke Sales, Tar Sales, Ammonia Sales, etc.) to which shall be credited the gross amount realized from such sale when made. All selling cost, such as advertising, etc., and the expense, if any, of effecting delivery, will be charged to the appropriate sales account. At the close of each month the appropriate residual stock account under Materials and Supplies will be credited with the amount at which such stock account stands charged with respect to the quantity of the residual sold during the month, and sales account will be correspondingly debited. Any balance remaining in a sales account at the close of the month will be debited or credited as may be appropriate to Residuals Produced — Credit account; or such balance may be disposed of in succeeding months by a variation in the value (per unit) used in determining the amount of credit (Residuals Produced — Credit account) for the residual produced; provided, however, that any such adjustment should not extend beyond the close of the fiscal period, but should be effected so as to be included in the operations of the current year.

No credit shall be given a sales account for any residual used by the utility in its operations, but the residual stock account affected will be credited and the appropriate operating expense or other account debited with the value thereof, such value being determined by the amount at which the quantity used stands charged in the stock account.

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G625. Production Expenses Transferred — Credit.

Credit to this account an amount representing an equitable proportion of operating expenses incurred by the utility in producing gas or steam for use in another co-ordinate department such as an electric department. These credits should not include any allowance or return upon the cost or value of the property employed, nor any credits for general or miscellaneous expenses. Only credits representing expenses directly related to the production of gas or steam may be included.

This account may also be credited with all charges made to production accounts for gas consumed at works and not otherwise provided for.

II. Transmission and Distribution Expenses.

OPERATION.

G626. Superintendence.

This account shall include the cost of all operating labor employed in the superintendence of the transmission and distribution system. This will include the salaries and expenses of superintendent, assistants, general foremen, clerical help on records and accounts, and such portion of the salaries of the engineering staff as may be assignable to transmission and distribution.

G627. Transmission and Distribution Operating Labor.

This account shall include the cost of labor employed in the operation of transmission and distribution mains, including labor in connection with pumping gas from the production plant to outlying holders; also inspecting and patrolling mains and services, pumping drips, taking pressures, operating regulators; also labor at outlying holders and other miscellaneous distribution labor.

G628. Fuel for Heating Outlying Holders.

This account shall include the cost of fuel used for transmission and distribution purposes such as heating outlying holders, shops, etc., and for pumping gas.

G629. Transmission and Distribution Supplies and Expenses.

This account shall include all operating supplies consumed and expenses incurred in the operation of the transmission and distribution system not included in the foregoing accounts. This includes the cost of small tools, expense of taking pressures, supplies and expenses at outlying holders; also rents, ice, water, car fares, meals, stationery, telephone rentals, etc.

G630. Inspecting and Testing Meters.

This account shall include the salaries and expenses of superintendents and clerks in the meter department, and that portion of the salaries of the engineering staff assignable to this account; also the cost of light, heat, ice, water and other supplies and expenses of the meter testing department, and the cost of testing meters.

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G631. Removing and Resetting Meters.

This account shall include the cost of labor and other expense incident to removing and resetting meters on consumers' premises; also the cost of disconnecting and reconnecting services.

MAINTENANCE.

G632. Maintenance of Street Mains.

This account shall include the cost of repairing, overhauling and changing position of transmission and distribution mains, including such items as seeking and repairing leaks, repairing pipes or removing and replacing worn sections and fittings, caulking, digging and repaving in connection with such work; repairing transmission pumps and regulators on transmission lines, manholes, valves and other transmission equipment.

G633. Maintenance of Services.

This account shall include the cost of labor, material and supplies and other expense incident to repairing gas services, including such items as seeking and repairing leaks, removing and replacing worn-out pipes and fittings, stop cocks, service boxes, thawing services, cleaning and blowing out service pipes, digging and repaving in connection with repair work, replacing house governors and maintenance of same.

G634. Maintenance of Consumers' Meters.

This account shall include the cost of maintaining consumers' meters. This will include readjusting, maintenance of meter shelves, painting, locks and keys for prepayment meters, replacing meter badges, worn-out parts, connections and fittings, and other incidental expenses.

G635. Maintenance of Distribution Holders.

This account shall include the cost of maintaining gas holders located at outlying districts, or of holders used by non-producing companies for distribution purposes.

G636. Maintenance of Tools and Implements.

This account shall include the cost of sharpening and repairing such tools and implements as have been assigned to the street department and the fitting and repair shops and not included in any of the foregoing accounts.

G637. Maintenance of Miscellaneous Structures.

This account shall include the cost of repairing and maintaining buildings, fixtures and grounds devoted to transmission and distribution purposes.

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III. Utilization Expenses.

Operation.

G654. Municipal Street Lamps — Labor.

This account shall include the cost of labor employed in the operation of municipal street lamps. This includes lighting and extinguishing, inspecting and cleaning lamps and lamp equipment, patrolling and reporting on relights and discontinues, and watching the hours for lighting and extinguishment, relocating lamps, and other miscellaneous street lamp operating labor.

G655. Municipal Street Lamps — Supplies and Expenses.

This account shall include the cost of all operating supplies and expenses incurred in the operation of municipal street lamps, including the cost of mantles, glassware, materials for cleaning, etc.

G656. Commercial Lamps.

This account shall include the cost (not chargeable to consumer) of labor employed in the operation of commercial gas lamps owned by the utility and installed on consumers' premises or in municipal buildings. This includes lighting and extinguishing, inspecting and cleaning lamps, and lamp equipment and other miscellaneous operating labor. This account shall also include the cost of supplies consumed and expenses incurred in operating commercial gas lamps, including the cost of mantles, glassware, materials for cleaning, etc.

Maintenance.

G657. Maintenance of Municipal Street Lamps.

This account shall include the cost of repairing municipal street lamps and equipment, including refitting standpipes, cleaning services, recaulking columns, removing and resetting posts, refitting columns, straightening posts and other work of a similar character.

G658. Maintenance of Commercial Lamps and Equipment.

This account shall include the cost of maintaining all gas equipment owned by the utility and installed on consumers' premises or in municipal buildings.

G659. Maintenance of Consumers' Installations.

This account shall include all expenditures made in connection with maintaining the efficiency of consumers' installations on their premises for which no charge is made to the consumers. This will include expenses incurred in investigating complaints, inspecting and testing new piping and fixtures, repairing piping and fixtures, inspecting, cleaning and repairing gas appliances belonging to the consumer, changing location of piping and appliances in houses and reconnecting same, and similar items of expense.

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IV. Commercial Expenses.

G660. Commercial Salaries.

This account shall include the salaries of employees whose time is devoted, in whole or in part, to the operation of the commercial office. This will include a proper proportion of the salaries of clerks in the accounting department having to do with consumers' accounts; those engaged in determining the amount of sales and in keeping account of such sales and collections; all fees and commissions paid for collecting bills. It will also include the wages of meter readers and indexers.

G661. Commercial Supplies and Expenses.

This account shall include commercial department supplies and expenses not otherwise provided for. To this account should be charged light, heat, telephone, janitor and watchman service, water, ice and laundry; commercial department stationery, printing and postage; repairs to commercial office furniture and equipment, etc.

NOTE. — In case a utility does not maintain a separate organization for the transaction of "Commercial Business," and the work of this department is performed by the general office force, which would necessitate the distribution of the salaries in accordance with the amount of work performed in this department, the company may, if it so desires, charge all the salaries to account No. 667, "Salaries of General Office Clerks." Where it is impracticable to separate items belonging to account No. 661, "Commercial Supplies and Expenses," from similar expenses chargeable to account No. 668, "General Office Supplies and Expenses;" the entire amount of such items may be included in the latter account.

V. New Business Expenses.

G662. New Business Salaries.

This account shall include the salaries and wages of all employees whose services are devoted to the promotion and extension of the gas utility business, including advertising managers and clerks, canvassers, solicitors and demonstrators; also the commissions paid to canvassers, solicitors, etc. It shall also include the salaries of employees engaged in preparing estimates or engineering data in connection with proposed customers' installations.

G663. New Business Supplies and Expenses.

This account shall include the cost of office supplies consumed and expenses incurred in conducting the new business department, including rent, light, heat, telephone, printing and stationery, and all other items of a similar character; also traveling and personal expenses of office employees and solicitors.

NOTE. — Where it is impracticable to separate items belonging to account No. 663, "New Business Supplies and Expenses," from similar expenses chargeable to account No. 668, "General Office Supplies and Expenses," the entire amount of such item may be included in the latter account.

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G664. Advertising.

This account shall include the cost of all advertising for new business, including newspaper advertisements, booklets, posters, dodgers, display signs and items of a similar nature.

G665. Piping and Appliances.

This account shall include the cost of piping, devices and appliances (including labor and expense of installation) furnished without charge to the consumer for the purpose of securing new business. If a portion of the cost of the appliance or installation is chargeable to the consumer, the loss only will be charged to this account.

NOTE. — Any loss incurred by the company in connection with the sale or the installation of gas appliances shall be charged to this account, provided the company does not maintain a merchandise and jobbing department. In case the company does maintain a merchandise and jobbing department the loss incurred shall be charged to account No. G560, "Merchandise and Jobbing Revenue."

VI. General and Miscellaneous Expenses.

G666. Salaries of General Officers.

This account shall include the salaries of the chairman of the board, president, vice-president, secretary, treasurer, comptroller, general auditor, general manager, assistant general manager, general superintendent, purchasing agent and all other officers whose jurisdiction extends over the entire gas utility; also fees of directors, fees of receivers, and payments to engineering corporations for supervising and managing operations of the company.

G667. Salaries of General Office Clerks.

This account shall include the salaries of traveling auditors, general bookkeepers, stenographers and other general office clerks whose services cannot be satisfactorily distributed to specific accounts. Where general office clerks perform services in the commercial, new business, or other department within the gas utility, their compensation shall be apportioned accordingly if practicable.

G668. General Office Supplies and Expenses.

This account shall include the cost of office supplies, stationery, books, blanks and other records for use in the general office; also the cost of postage, repairs to general office furniture, wages of janitors, porters and messengers; meals, telegrams, telephone and other general office expenses.

The cost of printing briefs, or the preparation of other legal papers, will be charged to Accidents and Damages or to Law Expense — General, as may be appropriate.

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G669. General Office Rents.

This account shall include the amount paid for rent of general offices.

In case any part of the general office or general office building is devoted to the sale of gas appliances, a suitable allowance should be made for the space so occupied, and the amount charged to account No. G560, "Merchandise and Jobbing Revenue."

G670. Law Expense — General.

This account shall include all law expenses, such as the salaries and expenses of general counsel, solicitors, attorneys and their clerks; fees and retainers for attorneys not regular employees; cost of printing briefs, legal forms, legal advertisements, testimony and reports; court fees, court costs, witness fees and expense of taking depositions; and other miscellaneous legal expenses.

NOTE. — Salaries, fees and retainers of counsel and attorneys engaged in the defence and settlement of injury and damage suits will be charged to account No. G673, "Accidents and Damages."

Attorney's fees for the collection of bills should be charged to account No. 660, "Commercial Salaries."

G671. Insurance.

This account shall include the cost of insurance, including premiums paid for fire, boiler, fidelity, casualty, burglar, workmen's compensation, public liability or other forms of insurance. During each month or other accounting period this account shall be charged with that portion of the premiums on insurance in force which is chargeable to that period. Utilities carrying a part or all of their own insurance may open an insurance reserve, in which event the monthly or periodic charges to Insurance account will be credited to Insurance and Casualty Reserves. If a utility carries part but not all of its own insurance, the charges to this account for the purpose of maintaining a reserve shall be carried in a subaccount separate from charges representing premiums paid to insurers.

NOTE. — Premiums paid for workmen's compensation and other forms of liability insurance made necessary by construction work may be charged to the plant investment account to which is charged the labor on which the insurance premiums are based.

G672. Relief Department, Pensions and Welfare Work.

This account shall include salaries and expenses incurred in connection with conducting a relief department, and contributions made to such department; also pensions and gratuities paid to retired or incapacitated employees, or heirs of employees, and expenses in connection therewith, and cost of life and benefit insurance on employees. This account will also include salaries of employees and expenses incurred in connection with conducting a welfare department, including the expense of publications and contributions made to such department.

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G673. Accidents and Damages.

This account shall include all expenses on account of persons killed or injured, and property damaged in connection with operation of the utility; salaries and expenses of claim agents, investigators, adjusters and others engaged in the investigation of accidents and adjustments of claims; salaries and fees and expenses of surgeons and doctors, cost of nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; contributions to hospitals; amount paid in settlement of claims of persons for personal injuries sustained in connection with the operation of the utility, and amount paid in settlement of claims for damages to property not owned by the accounting utility.

This account shall also include all law expenses in connection with the defence or settlement of damage claims, such as a proper proportion of the salary and expenses of the general solicitor or counsel; salaries, fees and expenses of attorneys engaged in such work; court fees and costs, expense of taking depositions, witness fees and the cost of printing briefs, court records and similar papers.

If desired, the utility may charge to this account monthly, and credit to reserve account, a proportion of the total amount estimated to be necessary to expend during the year for accident and damage claims, and the actual disbursements above designated shall then be charged against such reserve account.

G674. Store Expenses.

This account shall include all salaries and expenses in connection with storerooms, including cost of sending materials and supplies from general storerooms to branch storerooms, and the collection of scrap material.

NOTE. — Expenses charged to this account may be distributed over the operating and construction accounts affected, on the basis of actual cost. Credits should be made in such detail as to permit the accounting company to analyze them.

G675. Transportation Expenses.

This account shall include the salaries and wages of drivers, chauffeurs, stablemen, garagemen and other employees in garages and stables; cost of food, keep and shoeing of horses; veterinary and other stable expenses; fuel, gasolene and all other materials and supplies for garages and stables.

This account shall include the stable expenses of all horses regardless of where they are used. Amounts received from sale of manure shall be credited to this account.

This account may also include the delayed freight or express charges, or charges of a trivial nature covering the cost of transportation on materials and supplies which cannot readily be charged to individual items.

NOTE. — Charges to this account may be distributed to the work done by the stable and garage equipment on the basis of hourly rates, rates per ton per mile hauled, or other bases deemed appropriate by the management of the accounting company. Amounts so

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distributed should be credited to this account and charged to the account representing the construction or operation benefited. Credits should be made in such detail as to permit the accounting company to analyse them.

G676. Inventory Adjustments.

At least once a year an inventory of materials and supplies should be taken, and the difference in respect to any particular class of materials and supplies between the ledger and inventory balances should be debited or credited to this account in case it cannot be assigned to a specific account.

G677. Maintenance of General Structures.

This account shall include the cost of all labor and materials expended in the repairs and maintenance of general office buildings or other structures used for general purposes. This covers maintenance of walks, driveways and grounds connected therewith, and all incidental expenses connected with the maintenance of such buildings and structures. This account includes such buildings as general office buildings, general shops, general storehouses, general stables, garages, etc.

G678. Depreciation.

This account shall include monthly or periodic charges of the amount estimated to be necessary to provide for the retirement of property no longer used or useful in the conduct of the company's business, and for losses in value due to wear and tear not covered by current repairs.

The amount charged to this account shall be concurrently credited to balance sheet account No. 319, "Depreciation Reserve."

NOTE. — A Depreciation Reserve may be created either by charges made to operating expense account No. 678, "Depreciation," or to Profit and Loss account No. 415, "Appropriations of Surplus for Depreciation," or to both.

Until otherwise ordered, the amount estimated to cover the cost of property no longer used or useful in the conduct of the company's business, or for losses in value due to wear and tear, shall be determined by the accounting utility, based upon its best knowledge and experience in operation. A detailed statement of the basis used in determining the amount of such charge will be called for in the annual report to the Department.

G679. Miscellaneous General Expenses.

This account shall include the cost of publishing and distributing annual reports to stockholders, advertising notices of stockholders' meetings, dividend notices and other corporate and financial notices of a general character, association dues, contributions for conventions and meetings of the industry, cost of experimental work conducted for the benefit of the industry or the improvement of service, traveling and incidental expenses of general officers and other general office employees, fees of transfer agents, registrars of stock and fiscal agents, and other miscellaneous expenses connected with the general management not otherwise provided for.

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G680. Gas Expenses Transferred — Credit.

This account shall include such part of the operating costs (other than production expenses) borne in the first instance by the accounting company's gas department as are properly chargeable to another co-ordinate department, such as an electric light and power department.

This is not intended to prohibit the apportioning of primary accounts between departments, and, so far as practicable, departmental costs should be determined in that way. There may, however, be cases where it is desirable to assign to other operations a flat percentage of total gas operating expenses or of some group of gas operating expenses or some similar arbitrary amount, and in such case the credit should be made to this account.

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TEXT PERTAINING TO OPERATING EXPENSE ACCOUNTS — ELECTRIC.

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STEAM POWER GENERATION — OPERATION.

E601. Superintendence.

This account shall include the salaries of superintendents and assistants, station clerks, night and day foremen, and also that portion of the salaries of the engineering staff assignable to the steam generating plant operations.

E602. Boiler Labor.

This account shall include the cost of all labor incident to steam generation. Charge to this account the wages of boiler house foremen, firemen, helpers, shovelers, weighers, feed pump men, stokers, boiler room watchmen and janitors; also labor employed in blowing flues, cleaning boilers, and handling coal and ashes. Exclude maintenance labor.

E603. Engine Labor.

This account shall include the labor on prime movers.

Principal items: Chief engineer and assistants, engineers, oilers, wipers and machinists.

E604. Electrical Labor.

This account shall include all labor in connection with the electrical apparatus and devices, beginning with the generators direct connected or belted to the prime movers, and including the switchboard, feeder terminal board and to the point where the electric current leaves the station for the transmission or distribution system.

Principal items: System operators or load despatchers, foremen over regulators, regulators and assistants, switchboard men, brush men, wipers, wire men.

E605. Miscellaneous Labor.

This account shall include the wages of all employees in and about the steam power generating plant engaged in operating the plant, whose time is not chargeable to any of the foregoing steam power plant labor accounts. This covers such labor as watchmen, janitors, messengers, employees engaged in cleaning buildings and yards, and general labor not chargeable to any of the foregoing steam power plant labor accounts. Exclude maintenance labor.

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E606. Boiler Fuel.

This account shall include the cost of all fuel used for producing steam. Charges shall be based on the cost delivered at plant for storage, and include the invoice cost of fuel, freight, switching, demurrage, cost of unloading and cartage to point of delivery at plant, and cost of transferring fuel from one storage point to another.

Appropriate debits or credits shall be made to this account to adjust the book figures for fuel in stock to the actual amount on hand when discrepancies are disclosed by inventory.

E607. Water for Steam.

This account shall include the cost of water for boilers, condensers and for cooling engines. Such cost when water is purchased should be based on the contract price or meter rate. There should also be charged to this account the cost of boiler compounds and chemicals used in purification and filtration of water for producing steam.

Water used for general purposes in and about the plant will not be charged to this account.

E608. Lubricants.

This account shall include the cost of lubricants for all machinery in the steam generating plant. This does not include oil for transformers, grease for wagons, or oil for lanterns, etc.

Charge also to this account the cost of recovering oil from waste and the cost of filtering and handling.

E609. Station Supplies and Expenses.

This account shall include the cost of all supplies, tools, etc., used in the generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal.

Principal items: Waste, packing, wipers, gauge glasses, gauge washers, manhole gaskets, handhole gaskets, fire room tools, steam and air hose, bolts, screws, nails, tools, dynamo brushes; it shall also include the cost of the lighting, heating and cleaning system, fire protection system, janitors' supplies, ice, water, meals and car fares, stationery, telephone and toilet service, and any other items of a similar nature not otherwise provided for.

E610. Steam from Other Sources.

This account shall include the cost of all purchased or jointly produced steam consumed in the generating plant.

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STEAM POWER GENERATION — MAINTENANCE.

E611. Maintenance of Station Structures.

This account shall include the cost of maintaining buildings, fixtures and grounds used for power station purposes, also coal trestles, docks and wharves. This will include repairs to buildings and all fixtures permanently attached thereto, such as water pipes and fixtures; pipes and fixtures for heating and ventilating; gas pipes and fixtures for lighting purposes; electric wiring and fixtures for lighting, signaling and elevator purposes; cranes and hoists and the motive power for operating them; conduits which form a part of the building; all brick or concrete smokestacks used for heating or power plant purposes; fences, walls, sidewalks and pavements adjacent to such buildings.

Repairs to foundations and settings prepared especially for certain units of equipment, and designed to last no longer than such units, shall be charged to the account to which is charged the maintenance of such equipment.

E612. Maintenance of Boiler Plant Equipment.

This account shall include the cost of maintaining all furnaces, boilers and boiler apparatus and accessories devoted to the production of steam for use at works in generating electrical energy. This includes boilers, boiler fittings and appliances; furnaces, economizers, mechanical stokers, superheaters, tubes, damper regulators, flues leading to smokestack and chimneys, metal smokestacks; also feed water, coal and ash handling systems, feed pumps, blower engines, coal conveyor, trolley and cable tower, crusher and belt links, ash conveyor and all other machinery and apparatus located in the boiler plant.

E613. Maintenance of Steam Engines.

This account shall include the cost of maintaining steam engines, whether reciprocating or rotary, devoted to use as prime movers in the power plant. This covers the cost of maintaining apparatus auxiliary to the prime mover, such as condensers, tubes, heads, doors, etc., air and circulating pumps, wet vacuum, dry vacuum and oil systems, etc., but not the power-conveying apparatus.

NOTE. — This account may be subdivided between the expense of maintaining the prime mover and the expense of maintaining the auxiliary apparatus.

E614. Maintenance of Turbo-Generator Units.

This account shall include the cost of maintaining steam turbine-driven generating units. This covers the cost of maintaining condensers, air and circulating pumps, lubricating systems and similar appurtenant apparatus, but not the cost of maintaining the steam pipe leading from the boiler, nor the exhaust pipe.

NOTE. — This account may be subdivided to show separately the cost of maintaining the prime mover and appurtenant apparatus.

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E615. Maintenance of Electric Generating Equipment.

This account shall include the cost of maintaining generators, alternators and other electric generating apparatus driven by steam; also the cost of repairing and maintaining rotaries, motor generator sets, exciters, regulators and other apparatus of a similar character used in steam generating plants.

NOTE. — This account shall not include the cost of maintaining steam-turbo generator units, this cost being included in the preceding account.

E616. Maintenance of Accessory Electric Equipment.

This account shall include the cost of maintaining all electrical equipment at the steam generating plant not included in the foregoing account. This includes switchboards, cables, bus-bars, circuit breakers, switches, indicating and recording instruments, lightning arrestors, current and potential transformers, choke coils, grounding devices and resistances and station transformers.

Charge to this account the cost of oil used in station transformers and oil switches.

E617. Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintaining all miscellaneous equipment at the power plant which is not includible in any of the foregoing accounts. This shall include belts, pulleys, hangers, countershafts and other appropriate intermediary between the prime movers and the apparatus operated; also cranes, hoists and coal apparatus in yards, machine tools and other miscellaneous power plant equipment.

HYDRO-ELECTRIC GENERATION — OPERATION.

E618. Superintendence.

This account shall include the salaries and expenses of the superintendent and general foreman of the water power generating plant. This includes also the salaries and expenses of draftsmen and clerical help upon records and accounts directly chargeable to the water power generating plant, whether at the general office or at the plant.

Charge also with the proportion of the salaries and expenses of the engineering staff chargeable to the hydro-electric generating plant operations.

E619. Hydraulic Labor.

This account shall include the salaries and wages of all employees operating the hydraulic works, including foremen, gatemen, wheelmen, canal men, patrollers of reservoirs, dams and canals, and all other employees engaged in the operation of the hydraulic electric development outside of the generating station.

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E620. Electric Labor.

This account shall include the cost of all labor in connection with operating the electric apparatus and devices driven by hydraulic power, beginning with the generators and including exciters, transformers, switchboards and wiring, regulators, and all other electrical equipment to the point where the electric current leaves the power plant switchboard for the transmission or distribution system. This includes the salaries and wages of station operators or load despatchers, foremen over regulators, regulators and assistants, generator attendants, switchboard attendants, brushmen, electric wipers, power plant wiremen, and all other employees engaged in the operation of the hydraulic power plant electrical equipment.

E621. Miscellaneous Labor.

This account shall include the salaries and wages of all employees in and about the hydro-electric generating plant not assignable to any of the foregoing accounts. This covers such labor as that of watchmen, janitors, elevator men, messengers; employees engaged in cleaning buildings and yards, etc.

E622. Water for Power.

This account shall include the cost of water purchased for the purpose of operating hydro-electric plants for the generation of electric energy.

E623. Lubricants.

This account shall include the cost of lubricants for hydro-electric prime movers, machinery connected therewith, and auxiliary pumping and exciting machinery. This does not include transformer oil, wagon grease or oil for lanterns.

Charge also to this account the cost of recovering oil from waste and the cost of filtering and handling.

E624. Station Supplies and Expenses.

This account shall include the cost of all operating supplies and expenses incurred at the water power generating plant not assignable to any of the foregoing accounts. This will include waste, packing, wipers, hand oil cans and cans for rags, waste and oil; it shall also include the cost of the lighting, heating, cleaning and fire protection systems, janitors' supplies, telephones, ice, meals and car fares; stationery, including station report forms.

HYDRO-ELECTRIC GENERATION — MAINTENANCE.

E625. Maintenance of Reservoirs and Forebays.

This account shall include the cost of maintaining storage reservoirs and forebays. This includes repairs to linings of walls and bottoms, gatehouses and head-gate equipment at the head of penstocks.

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E626. Maintenance of Flumes and Canals.

This account shall include the cost of maintaining flumes, canals, tunnels or other conduits between the intake gates and the forebay, together with the apparatus appurtenant thereto.

E627. Maintenance of Dams and Intakes.

This account shall include the cost of maintaining dams and intakes with their appurtenant gates, valves, weirs, spillways, screens, etc.

E628. Maintenance of Penstocks and Tailraces.

This account shall include the cost of maintaining penstocks or other pressure pipes between the forebay gates and the water wheels, and also all wasteways or channels conducting water from the outlet of the draft tubes to the point of final discharge.

E629. Maintenance of Water Turbines and Water Wheels.

This account shall include the cost of maintaining water wheels, governors and their accessories. This includes all equipment from penstocks to tailraces, such as gates, valves, pumps, piping, etc., used in connection with water wheels and governors.

Principal items: Water wheels and housing, needle valves, nozzles, deflecting hoods, relief valves, air compressors for surge tanks, pumps for governors and necessary piping in connection therewith.

E630. Maintenance of Electric Generating Equipment.

This account shall include the cost of maintaining generators, alternators and all other generating apparatus driven by hydraulic power; also the cost of maintaining rotaries and motor generator sets, exciters, regulators and other apparatus of a similar character used in the water power generating plant.

E631. Maintenance of Accessory Electric Equipment.

This account shall include the cost of maintaining all electric equipment at the hydraulic generating plant not included in the foregoing account. This includes switchboards, cables, bus-bars, circuit breakers, switches, indicating and recording instruments, lightning arrestors, current and potential transformers, choke coils, grounding devices and resistances, and equipment of a similar character.

Charge to this account the cost of oil for station transformers and oil switches.

E632. Maintenance of Miscellaneous Power Plant Equipment.

This account shall include the cost of maintaining all hydraulic power plant equipment not includible in any of the preceding accounts, such as cranes, hoists, machine tools, safety appliances and other equipment used in and about the hydro-electric power plant.

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This account shall also include the cost of maintaining tools and implements assigned to the hydro-electric plant, such as blacksmiths', machinists' and pipe fitters' tools, cutting tools, etc.

E633. Maintenance of Station Structures.

This account shall include the cost of maintaining hydro-electric power plant buildings, including water power buildings and structures, generating station buildings and structures, and all buildings and structures appurtenant thereto.

The items chargeable to this account include all fixtures permanently attached to buildings, such as water pipes and fixtures; pipes and fixtures for warming and ventilating; gas pipes and fixtures for lighting; electric wiring and fixtures for lighting; fences, walls, walks and pavements within the limit of grounds adjacent to such buildings; also permanent foundations and piers, and such canals, flumes and penstocks as are located within the water power buildings.

E634. Electric Energy Purchased.

This account shall include the cost of all electric current purchased for the purpose of redistribution and sale.

NOTE. — The annual return to the Department requires that the accounting company shall show the name of the company from which power is purchased, the amount of current in kilowatt hours purchased, the rate per kilowatt hour and the total cost of such current.

E635. Production Expenses Transferred — Credit.

Credit to this account an amount representing an equitable proportion of operating expenses incurred by the utility in producing electric energy or steam for use in another co-ordinate department such as a gas department. These credits should not include any allowance or return upon the cost or value of the property employed, nor any credits for general or miscellaneous expenses. Only credits representing expenses directly related to the production of electric energy or steam may be included.

There should also be credited to this account the amount received from the sale of steam generated at central power stations and sold to outside consumers.

This account may be credited with any charges made to other departments for electric energy consumed.

II. Transmission, Distribution and Storage Expenses.

OPERATION.

E636. Transformer Station and Substation Superintendence and Labor.

This account shall include the cost of all operating labor employed in the superintendence and operation of transformer stations and substations, including the salaries and wages of regular operators, brushmen, and other employees engaged in operating the electric equipment, and the wages of janitors, watchmen, etc.; also the proportion of salaries and expenses of the engineering staff chargeable to transformer stations and substations.

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E637. Transformer Station and Substation Supplies and Expenses.

This account shall include the cost of all operating supplies consumed and expenses incurred in connection with the operation of transformer stations and substations, such as carfares, meals, telephone, stationery, light, heat, hand tools, waste, wipers, and similar items.

E638. Operation of Transmission and Distribution Lines.

This account shall include the cost of all operating labor employed in the superintendence and operation of transmission and distribution lines, both overhead and underground, and miscellaneous expenses connected with the operation of such lines; including telephone lines. This will include the cost of patrolling and testing, locating and clearing trouble, inspecting and cleaning subway ducts, manholes and sewer connections for transmission and distribution lines, and all operating labor necessary to keep the lines in service, including repairs of a minor character made by patrolmen and testers not in the nature of general repairs or renewals; also the wages and expenses of telephone operators.

E639. Transmission and Distribution Supplies and Expenses.

This account shall include miscellaneous office supplies and expenses, such as ice, water, postage, car fares, meals, stationery, telephone rentals, etc.; also the expenses incurred in making maps and records of underground and overhead lines, pole attachments and other miscellaneous transmission and distribution expenses not includible in any of the preceding accounts.

E640. Inspecting and Testing Meters.

This account shall include the salaries and expenses of the superintendents and clerks in the meter bureau, and that portion of the salaries of the engineering staff assignable to this account; also the cost of light, heat, ice, water and other supplies and expenses of the meter-testing bureau, and the cost of testing meters on consumers' premises or in meter shops.

E641. Removing and Resetting Meters.

This account shall include the cost of labor and other incidental expenses incurred in removing and resetting meters on the premises of the consumers; also the cost of disconnecting and reconnecting services.

NOTE. — If it is not the policy of the company to capitalize the first cost of setting meters, the first cost should be charged to the above account.

E642. Removing and Resetting Transformers.

This account shall include the cost of labor and other incidental expenses incurred in removing and resetting transformers located on the consumers' premises or on poles adjoining such premises, and all inspection of transformers and their replacement in the course of their periodical tests and inspection.

NOTE. — If it is not the policy of the company to capitalize the first cost of setting and testing transformers, the cost should be charged to the above account.

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E643. Storage Battery Labor.

This account shall include the cost of all operating labor employed in the superintendence and operation of storage batteries, including salaries and wages of clerks, inspectors, testers, battery men, janitors, messengers, watchmen, etc., and labor incident to the operation of boosters.

E644. Storage Battery Supplies and Expenses.

This account shall include the cost of acid and distilled water in cells, soda, sponges, brooms, mops, waste, rags, hydrometers, thermometers, automatic cell fillers, rubber hose, gloves, shoes, paint, etc., and brushes for boosters and compensators; also all incidental expense incurred in connection with the operation of storage batteries.

MAINTENANCE.

E645. Maintenance of Transformer Station and Substation Structures.

This account shall include the cost of maintaining transformer station and substation buildings and grounds, together with all permanent fixtures therein and appurtenant thereto, including work on streets, drives, wells, sidewalks, vaults, pits, sheds and permanent foundations of apparatus.

E646. Maintenance of Transformer Station and Substation Equipment.

This account shall include the cost of maintaining transformers, rotary converters, motor generators; regulators, switchboards and connected equipment, etc., which are used primarily for changing electric energy in voltage or frequency for the purpose of transmitting or distributing it more efficiently, whether such equipment is installed in a generating station, transformer station or a substation. This also covers the cost of maintaining outdoor substations and appurtenances, and substation equipment installed on consumers' premises, etc. It does not include the cost of maintaining line transformers installed for stepping down current from transmission or distribution voltage to the voltage at which it is used by the consumer.

E647. Maintenance of Transmission and Distribution Lines.

This account shall include the cost of maintaining overhead transmission and distribution lines. This includes repairs to poles, crossarms, insulators, insulator pins, braces, brackets, and other pole fixtures and appliances; guys and other supports for holding poles, towers and other structures in position, repairs to towers and other appliances for supporting the overhead transmission system; cost of repairs to transmission and distribution conductors, and insulating material. To this account will also be charged the cost of repairing and maintaining the telephone system used for the operation of the transmission system.

E648. Maintenance of Underground Conduits.

This account shall include the cost of maintaining subways and underground conduits, whether used for transmission or distribution purposes, including repairs of ducts, manholes, sewer connections, traps and paving over such subways and conduits.

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E649. Maintenance of Underground Conductors.

This account shall include the cost of labor, supplies and expense incident to repairing and maintaining underground transmission and distribution conductors and devices, including services.

E650. Maintenance of Consumers' Meters.

This account shall include the cost of maintaining meters used for measuring electric energy sold to consumers. This will include new parts, new jewels, cleaning and painting old meters, etc.

E651. Maintenance of Transformers.

This account shall include the cost of maintaining transformers and transformer devices, which are the property of the utility, whether located on poles, in vaults, or on consumers' premises. This will include renewing oil, rewinding, repainting, restenciling and repairs to transformer devices.

E652. Maintenance of Storage Battery Structures.

This account shall include the cost of maintaining buildings, fixtures and grounds used for storage battery purposes.

If the storage battery plant is located in one of the general works buildings, an equitable proportion of the cost of repairing and maintaining such building may be charged to this account.

E653. Maintenance of Storage Batteries and Accessories.

This account shall include the cost of maintaining storage battery equipment, such as storage battery tanks, switches, regulating apparatus, boosters, compensators, renewal of worn-out cells, including diaphragms, negative and positive plates, lead in strips, spelter, dry boards, tin bands, sheet lead, glass plates, glass covers, hydrogen generators, jumpers, clamps, lamp black, and items of a similar nature.

III. Utilization Expenses.

Operation.

E654. Municipal Street Lamps — Labor.

This account shall include the cost of labor incident to the operation of municipal street lamps, including trimming, inspecting and cleaning; relocating lamps, and other miscellaneous lamp operating labor.

E655. Municipal Street Lamps — Supplies and Expenses.

This account shall include the cost of supplies consumed and expenses incurred in operating municipal street lamps, including the cost of incandescent lamps, carbons, globes, brushes, rope and materials for cleaning.

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E656. Commercial Lamps.

This account shall include the cost of supplies consumed and expenses incurred in supplying commercial lamps to consumers. This will include the cost of lamp renewals and all other expenses borne by the utility in connection with commercial lamps.

This account shall be credited with any rebate received from the return of stubs or with allowances relating thereto.

MAINTENANCE.

E657. Maintenance of Municipal Street Lamps.

This account shall include the expense of labor and supplies incurred in maintaining municipal street arc lamps and equipment. This will include renewal of defective or worn-out parts; repairing, readjusting and testing in the utility's repair shop, renewals of cut outs, repairs and renewals of mast arms, hangers, pulleys, ropes, insulators and suspension cables; repairing and repainting lamp posts where used exclusively for municipal street arc lighting; also the cost of maintaining municipal incandescent street lamp equipment. This will include sockets, insulators, goose necks, reflectors, etc.

E658. Maintenance of Commercial Lighting Equipment.

This account shall include the expense of all labor and supplies incurred in the repair and renewals of lamps and lamp equipment. This includes the cost of removing lamps and lamp equipment, repairing and renewals of lamps in the utility's repair shop, readjusting lamps and lamp equipment, renewal of defective parts, renewal of cut outs, repairs and renewal of mast arms, hangers, repairing and repainting lamp poles and posts, etc.

E659. Maintenance of Consumers' Installations.

This account shall include all expenditures made in connection with maintaining the efficiency of consumers' installations on their premises, for which no charge is made to the consumer. This will include expenses incurred in investigating complaints; inspecting and testing new wiring and fixtures; repairing wiring and fixtures; inspecting, cleaning and repairing electrical appliances belonging to the consumer; changing the location of wiring and appliances in houses and reconnecting same; incidental expense incurred in charging consumers' batteries, and similar items of expense.

IV. Commercial Expenses.

E660. Commercial Salaries.

This account shall include the salaries of officers and employees whose time is devoted, in whole or in part, to the operation of the commercial office. This will include a proper proportion of the salaries of clerks in the accounting department having to do with consumers' accounts; those engaged in determining

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the amount of sales and in keeping account of such sales and collections; all fees and commissions paid for collecting bills; it will also include the wages of meter readers and indexers.

E661. Commercial Supplies and Expenses.

This account shall include commercial department supplies and expenses not otherwise provided for. To this account should be charged light, heat, telephone, janitor and watchman service, water, ice and laundry; commercial department stationery, printing and postage; repairs to commercial office furniture and equipment, etc.

NOTE. — In case a utility does not maintain a separate organization for the transaction of Commercial Business, and the work of this department is performed by the general office force, which would necessitate the distribution of the salaries in accordance with the amount of work performed in this department, the company may, if it so desires, charge all the salaries to account No. 667, "Salaries of General Office Clerks." Where it is impracticable to separate items belonging to account No. 661, "Commercial Supplies and Expenses," from similar expenses chargeable to account No. 668, "General Office Supplies and Expenses," the entire amount of such items may be included in the latter account.

V. New Business Expenses.

E662. New Business Salaries.

This account shall include the salaries and wages of all employees whose services are devoted to the promotion and extension of the electric utility business, including advertising managers and clerks, canvassers, solicitors and demonstrators; also the commissions paid to canvassers, solicitors, etc. It shall also include the salaries of employees engaged in preparing estimates or engineering data in connection with proposed customers' installations.

E663. New Business Supplies and Expenses.

This account shall include the cost of office supplies consumed and expenses incurred in conducting the new business department, including light, heat, telephone, printing and stationery, and all other items of a similar character; also traveling and personal expenses of office employees and solicitors.

NOTE. — Where it is impracticable to separate items belonging to account No. 663, "New Business Supplies and Expenses," from similar expenses chargeable to account No. 668, "General Office Supplies and Expenses," the entire amount of such items may be included in the latter account.

E664. Advertising.

This account shall include the cost of all advertising, including newspaper advertisements, booklets, posters, dodgers, display signs and items of a similar nature.

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E665. Wiring and Appliances.

This account shall include the cost of wiring consumers' premises, electric signs, or other devices and appliances (including labor and expense of installation) furnished without charge to the consumer for the purpose of securing new business. If a portion of the cost of the appliance or installation is chargeable to the consumer the loss only will be charged to this account.

NOTE. — Any loss incurred by the company in connection with the sale or the installation of electric appliances shall be charged to this account, provided the company does not maintain a merchandise and jobbing department. In case the company does maintain a merchandise and jobbing department the loss incurred shall be charged to account No. E560, "Merchandise and Jobbing Revenue."

VI. General and Miscellaneous Expenses.

E666. Salaries of General Officers.

This account shall include the salaries of the chairman of the board, president, vice-president, secretary, treasurer, comptroller, general auditor, general manager, assistant general manager, general superintendent, purchasing agent, and all other officers whose jurisdiction extends over the entire electric utility and whose services cannot be satisfactorily distributed to specific accounts; also fees of directors, fees of receivers and payments to engineering corporations for supervising and managing operations of the company.

E667. Salaries of General Office Clerks.

This account shall include the salaries of traveling auditors, general bookkeepers, stenographers, and other general office clerks, whose services cannot be satisfactorily distributed to specific accounts. Where general office clerks perform services in the commercial, new business, or other department within the electric utility, their compensation will be apportioned accordingly, if practicable.

E668. General Office Supplies and Expenses.

This account shall include the cost of office supplies, stationery, stock certificates, checks, books, blanks and other records for use in the general office; also the cost of postage, repairs to general office furniture, wages of janitors, porters and messengers; meals, telegrams, telephone and other general office expenses.

The cost of printing briefs, or the preparation of other legal papers, will be charged to Accidents and Damages or to Law Expense — General, as may be appropriate.

E669. General Office Rents.

This account shall include the amount paid for rent of general offices.

In case any part of the general office or general office building is devoted to the sale of electric appliances, a suitable allowance should be made for the space

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so occupied, and the amount charged to account No. 560, "Merchandise and Jobbing Revenue."

E670. Law Expense — General.

This account shall include all law expenses, such as salaries and expenses of general counsel, solicitors, attorneys and their clerks; fees and retainers for attorneys not regular employees; cost of printing briefs, legal forms, legal advertisements, testimony and reports; court fees, court costs, witness fees and expenses of taking depositions; and other miscellaneous legal expenses.

NOTE. — Salaries, fees and retainers of counsel and attorneys engaged in the defence and settlement of injury and damage suits will be charged to account No. 673, "Accidents and Damages."

Attorney's fees for the collection of bills should be charged to account No. 660, "Commercial Salaries."

E671. Insurance.

This account shall include the cost of insurance, including premiums paid for fire, boiler, fidelity, casualty, burglar, workmen's compensation, public liability or other forms of insurance. During each month or other accounting period this account shall be charged with that portion of the premiums on insurance in force which is chargeable to that period. Utilities carrying a part or all of their own insurance may open an insurance reserve, in which event the monthly charge to Insurance account will be credited to Insurance and Casualty Reserve. If a utility carries part, but not all, of its own insurance the charges to this account for the purpose of maintaining a reserve shall be carried in a subaccount separate from charges representing premiums paid to insurers.

NOTE. — Premiums paid for workmen's compensation and other forms of liability insurance made necessary by construction work may be charged to the plant investment account to which is charged the labor on which the insurance premiums are based.

E672. Relief Department, Pensions and Welfare Work.

This account shall include salaries and expenses incurred in connection with conducting a relief department, and contributions made to such department; also pensions and gratuities paid to retired or incapacitated employees, or heirs of employees, and expenses in connection therewith, and cost of life and benefit insurance on employees. This account will also include salaries of employees, and expenses incurred in connection with conducting a welfare department, including the expense of publications and contributions made to such department.

E673. Accidents and Damages.

This account shall include all expenses on account of persons killed or injured and property damaged in connection with operation of the utility; salaries and expenses of claim agents, investigators, adjusters and others engaged in the investigation of accidents and adjustments of claims; salaries, fees and expenses

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of surgeons and doctors; cost of nursing, hospital attendance; medical and surgical supplies; fees and expenses of coroners and undertakers; contributions to hospitals; amount paid in settlement of claims of persons for personal injuries sustained in connection with the operation of the utility, and amount paid in settlement of claims for damage to property not owned by the accounting utility.

This account shall also include all law expenses in connection with the defence or settlement of damage claims, such as a proper proportion of the salary and expenses of the general solicitor or counsel; salaries, fees and expenses of attorneys engaged in such work; court fees and costs, expense of taking depositions, witness fees and the cost of printing briefs, court records and similar papers.

If desired, the utility may charge to this account monthly, and credit to reserve account a proportion of the total amount estimated to be necessary to expend during the year for accident and damage claims, and the actual disbursements above designated shall then be charged against such reserve account.

E674. Store Expenses.

Charge to this account all salaries and expenses in connection with storerooms, including cost of sending materials and supplies from general storerooms to branch storerooms, and the collection of scrap material.

NOTE. — Expenses charged to this account may be distributed over the operating and construction accounts affected, on the basis of actual cost. Credits should be made in such detail as to permit the accounting company to analyze them.

E675. Transportation Expenses.

This account shall include the salaries and wages of drivers, chauffeurs, stablemen, garagemen and other employees in garages and stables; cost of feed, keep and shoeing of horses; veterinary and other stable expenses; fuel, gasolene, electricity used in charging storage battery vehicles, and all other materials and supplies for garages and stables.

This account shall include the stable expenses of all horses regardless of where they are used. Amounts received from sale of manure shall be credited to this account.

This account may also include the delayed freight or express charges, or charges of a trivial nature covering the cost of transportation on materials and supplies which cannot readily be charged to individual items.

NOTE. — Charges to this account may be distributed to the work done by the stable and garage equipment on the basis of hourly rates, rates per ton per mile hauled, or other bases deemed appropriate by the management of the accounting company. Amounts so distributed should be credited to this account and charged to the account representing the construction or operation benefited. Credits should be made in such detail as to permit the accounting company to analyze them.

E676. Inventory Adjustments.

At least once a year an inventory of materials and supplies should be taken and the difference in respect to any particular class of materials and supplies

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between the ledger and inventory balances should be debited or credited to this account in case it cannot be assigned to a specific account.

This account shall also be charged or credited with miscellaneous minor operating items of such a nature that an exact distribution among the accounts to which they are applicable cannot be determined.

E677. Maintenance of General Structures.

This account shall include the cost of all labor and material expended in the repairs and maintenance of general office buildings or other structures used for general purposes. This covers maintenance of walks, driveways and grounds connected therewith, and all incidental expenses connected with maintenance of such buildings or structures. This account includes such buildings as general office buildings, general shops, general storehouses, general stables, garages, etc.

E678. Depreciation.

This account shall include monthly or periodic charges of the amount estimated to be necessary to provide for the retirement of property no longer used or useful in the conduct of the company's business, and for losses in value due to wear and tear not covered by current repairs.

The amount charged to this account shall be concurrently credited to balance sheet account No. 139, "Depreciation Reserve."

NOTE. — A Depreciation Reserve may be created either by charges made to operating expense account No. 678, "Depreciation," or to profit and loss account No. 415, "Appropriations of Surplus for Depreciation," or to both.

Until otherwise ordered, the amount estimated to cover the cost of property no longer used or useful in the conduct of the company's business, or for losses in value due to wear and tear, shall be determined by the accounting utility, based upon its best knowledge and experience in operation. A detailed statement of the basis used in determining the amount of such charge will be called for in the annual return to the Department.

E679. Miscellaneous General Expenses.

This account shall include the cost of publishing and distributing annual reports to stockholders, advertising notices of stockholders' meetings, dividend notices and other corporate and financial notices of a general character, association dues, contributions for conventions and meetings of the industry, cost of experimental work conducted for the benefit of the industry or the improvement of service, traveling and incidental expenses of general officers and other general office employees, fees of transfer agents, registrars of stock and fiscal agents, and other miscellaneous expenses connected with the general management not otherwise provided for.

E680. Electric Expenses Transferred — Credit.

This account shall include such part of the operating costs (other than production expenses) borne in the first instance by the accounting company's electric department as are properly chargeable to another co-ordinate department, such as a gas department.

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This is not intended to prohibit the apportioning of primary accounts between departments, and, so far as practicable, departmental costs should be determined in that way. There may, however, be cases where it is desirable to assign to other operations a flat percentage of total electric operating expenses or of some group of electric operating expenses or some similar arbitrary amount, and in such case the credit should be made to this account.

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